

GREATER HAZLETON JOINT SEWER AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JULY 31, 2024 AND 2023

AND
INDEPENDENT AUDITORS' REPORT
AND
SUPPLEMENTARY INFORMATION

GREATER HAZLETON JOINT SEWER AUTHORITY

WEST HAZLETON, PA 18202

JULY 31, 2024 AND 2023

CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 - 3
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)</u>	4 - 13
<u>BASIC FINANCIAL STATEMENTS</u>	
Statements of Net Position	14 - 15
Statements of Revenues, Expenses, and Changes in Net Position	16
Statements of Cash Flows	17 - 18
Statements of Fiduciary Net Position - Pension Trust Fund	19
Statements of Changes in Fiduciary Net Position - Pension Trust Fund	20
Notes to Financial Statements	21 - 68
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Defined Benefit Pension Trust Fund:	
Schedule of Changes in Authority's Net Pension Liability and Related Ratios	69
Schedule of Employer Contributions and Investment Returns	70
Other Post Employment Benefits (OPEB) Other Than Pensions:	
Schedule of Changes in Authority's Net OPEB Liability and Related Ratios	71
<u>SUPPLEMENTARY INFORMATION</u>	
Schedules of Sewer Treatment Revenues	72
Schedules of Sewer Transmission Revenues	73
Schedules of Operating Expenses	74 - 75

PRINCIPALS

Stephen N. Clemente, CPA
James F. Clemente, CPA, MT
Raymond J. Distasio Jr., CPA
David P. Rudis, CPA, CVA, CFF
Joseph P. Zekas, CPA
John M. Nonnemacher, CPA
David J. Kuranovich, CPA
Peter J. Morren

PROFESSIONAL STAFF

Margaret A. Humenansky, CPA
Colin R. Fricke, CPA
Michael R. Gaizick, CPA
Michael A. Chisarik
Helene M. Chuckra
Althea B. Edwards
Scott W. Poplawski
Daniel J. Flaherty

Marc J. Blasko
Rogen Resides
Sue Hoegg

Elmo M. Clemente (1958-2018)
Charles L. Snyder (1958-1980)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Greater Hazleton Joint Sewer Authority
West Hazleton, PA 18202

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Greater Hazleton Joint Sewer Authority (the "Authority") as of and for the years ended July 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Authority as of July 31, 2024 and 2023, and the respective changes in its financial position, and, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13 and the Defined Benefit Pension Trust Fund Schedule of Changes in Authority's Net Pension Liability and Related Ratios, the Schedule of Employer Contributions, the Schedule of Investment Returns, and the Other Post Employment Benefits (OPEB) Other Than Pensions Schedule of Changes in Authority's Net OPEB Liability and Related Ratios on pages 69 through 71, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedules of Sewer Treatment Revenues, Schedules of Sewer Transmission Revenues, and Schedules of Operating Expenses on pages 72 through 75 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Sewer Treatment Revenues, Schedules of Sewer Transmission Revenues, and Schedules of Operating Expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Sewer Treatment Revenues, Schedules of Sewer Transmission Revenues, and Schedules of Operating Expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Snyder & Clements".

Sugarloaf, Pennsylvania
November 20, 2024

**GREATER HAZLETON JOINT SEWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JULY 31, 2024
(UNAUDITED)**

INTRODUCTION

The following discussion and analysis of the Greater Hazleton Joint Sewer Authority's (the "Authority") annual financial report provides an overview and analysis of their financial performance for the fiscal year ended July 31, 2024. This presentation is intended to further the readers' understanding of the financial statements that follow, and it is recommended that it be read in conjunction with the accompanying basic financial statements and notes to those statements in order to obtain a thorough understanding of the Authority's financial condition as of July 31, 2024.

Management's Discussion and Analysis is designed to focus on the current year's activities and resulting changes in the Authority's financial position and also includes currently known facts that may have a significant impact on the Authority's financial position now and in the foreseeable future.

FINANCIAL HIGHLIGHTS

At July 31, 2024 the Authority's total assets increased by \$1,441,416 from July 31, 2023. This net increase was the result of several changes, including an increase in capital assets (net of accumulated depreciation) of \$719,420, an increase in cash and cash equivalents of \$630,008 and an increase in restricted assets in the amount of \$143,137, offset by a decrease in other current assets of \$51,149.

Total liabilities decreased \$2,849,958, which was primarily caused by an increase in current portion of long-term debt of \$111,093 and a decrease in long-term debt, net of current portion of \$3,345,224, along with an increase of \$523,585 in restricted accounts payable-capital assets, an increase of \$18,106 in OPEB liability, a decrease of \$189,335 in net pension liability, and a decrease of \$11,795 in compensated absences.

Total net position of \$59,126,151 was \$3,911,852 higher than the prior year, reflecting the net effect of the Authority's profitable operations needed to fund ongoing capital projects. Net investment in capital assets increased by \$3,951,739, due to an increase in the Authority's capital assets and offset by the payment of the related debt. Consistent with the terms of its Series 2020 Sewer Revenue Bonds, a portion of the Authority's total net position at July 31, 2024, \$1,651,561, was restricted for bond covenants. A portion of the net position restricted for capital projects decreased by \$192,156 and unrestricted net position also decreased by \$168,231 the net effect of all of the changes as previously noted.

The Authority's total operating revenues increased \$571,159 from the previous year, primarily due to an increase of \$461,207 from hauled waste revenue and modest increases in all revenue categories due to growth in the service area with the exception of surcharge revenue, which is variable based on results of periodic sampling.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
(UNAUDITED)

Total operating expenses of \$12,393,232 decreased by \$54,680 from the prior year. The most significant increase was \$250,093 in plant operations expense due to contractual increases in salary/wages and inflationary increases to chemicals, maintenance parts, and biosolids disposal costs. Plant operations expense increases in the amount of \$250,093 were offset by a \$250,104 decrease to collections system expense as well as a \$104,204 decrease to administrative expense, primarily due to a decrease of \$225,553 in pension plan expense.

Investment income increased by \$264,596, as a result of higher rates of return. Interest expense remained relatively consistent with 2023, decreasing by \$79,464. The Authority also received a \$2,000,000 ARPA grant through Luzerne County in 2024 to partially fund a capital project. These overall changes resulted in a net non-operating revenues (expenses) of \$2,147,374 for 2024 as compared to \$144,362 for 2023.

Overall, the Authority experienced an increase in net position of \$3,911,852 for the fiscal year ended July 31, 2024 as compared to a net increase of \$1,283,001 in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's primary mission is to provide wastewater treatment service to the Greater Hazleton Area.

The Authority does not provide other general government types of services or programs. The Authority's operations, capital expenditures and debt payments are funded almost entirely through rates, fees and other charges for these wastewater treatment services. As such, the Authority is considered to be, and therefore presents its financial report as, a stand-alone enterprise fund.

The Authority's financial statements consist of three parts: Management's Discussion and Analysis (MD&A), the basic financial statements and the related notes to the financial statements, and supplementary (both required and other) information. The MD&A serves as an introduction to the basic financial statements and provides analysis and overview of the Authority's financial activities.

As a stand-alone proprietary fund, the Authority's basic financial statements consist of *Statements of Net Position*, *Statements of Revenues, Expenses and Changes in Net Position* and *Statements of Cash Flows*. In addition, the basic financial statements also include *Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position*, both for the Authority's Pension Trust Fund. These statements, together with the *Management's Discussion and Analysis*, provide both short-term and long-term financial information and implications for the Authority's financial position.

Presentation of comparative schedules further enhances the reader's ability to gauge the Authority's fiscal strength and provides useful trend information. To further illuminate the information contained in these statements, *Notes to Financial Statements* and certain supplementary information appear immediately following the basic financial statements.

In addition to this discussion and analysis, other required supplementary information is presented.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED (UNAUDITED)

The *Statements of Net Position*, similar to a balance sheet, presents the Authority's basic financial position through disclosure of information about the Authority's assets and liabilities. Net position represents the difference between total assets and total liabilities.

The *Statements of Revenues, Expenses and Changes in Net Position*, similar to private sector statements, provides information regarding the Authority's total economic resource inflow and outflow (accrual method of accounting). The difference between these inflows and outflows represent the changes in net position, which links these statements to the *Statements of Net Position*.

The *Statements of Cash Flows* deals specifically with the flow of cash and cash equivalents arising from operating, capital and financing activities, non-capital activities, and investing activities. Because the Authority's *Statements of Revenues, Expenses and Changes in Net Position* are a measurement of the flow of total economic resources, operating income usually differs from net cash flow from operations. To enhance the reader's understanding of this difference, the *Statements of Cash Flows* also includes reconciliations between these two amounts. In accordance with accounting principles generally accepted in the United States of America, a reconciliation of cash and cash equivalents is also presented in these statements.

The *Statements of Fiduciary Net Position – Pension Trust Fund*, also similar to a balance sheet, presents the basic financial position of the Authority's Pension Trust Fund. Net position held in trust for pension benefits represents the difference between total fiduciary assets and total fiduciary liabilities.

The *Statements of Changes in Fiduciary Net Position – Pension Trust Fund*, also similar to private sector statements, provides information regarding the Authority's total economic resource inflow and outflow (accrual method of accounting) for its Pension Trust Fund. The difference between these inflows and outflows represent the changes in fiduciary net position, which links these statements to the *Statements of Fiduciary Net Position*.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found immediately after the financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents important required supplementary information and other non-required supplementary information that provides further detail regarding the financial statements. These statements and schedules can be found immediately following the notes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
(UNAUDITED)

Major Features of the Greater Hazleton Joint Sewer Authority's Financial Statements

	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Activities the Authority operates similar to private businesses	Funds for which the Authority is the trustee or agent for someone else's resources, such as the employees' pension trust fund
Required Financial Statements	Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows	Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
(UNAUDITED)

FINANCIAL ANALYSIS

Total Assets, Total Liabilities, and Total Net Position

Significant changes within the Authority's categories of assets and liabilities are as follows:

ASSETS

	<u>2024</u>	Increase (Decrease)	<u>2023</u>
Cash and Cash Equivalents	\$ 13,630,199	\$ 630,008	\$ 13,000,191
Other Current Assets	2,946,024	(51,149)	2,997,173
Restricted Assets	1,651,561	143,137	1,508,424
Capital Assets (Net of Accumulated Depreciation)	75,891,211	719,420	75,171,791
Net Pension Asset	-	-	-
TOTAL ASSETS	<u>\$ 94,118,995</u>	<u>\$ 1,441,416</u>	<u>\$ 92,677,579</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Amounts Related to Pensions and OPEB	<u>440,408</u>	<u>(229,798)</u>	<u>670,206</u>
---	----------------	------------------	----------------

LIABILITIES

	<u>2024</u>	Increase (Decrease)	<u>2023</u>
Current Liabilities (Payable from Current Assets)	\$ 3,497,730	\$ 154,705	\$ 3,343,025
Current Liabilities (Payable from Restricted Assets)	700,948	523,585	177,363
Noncurrent Liabilities	<u>29,745,479</u>	<u>(3,528,248)</u>	<u>33,273,727</u>
TOTAL LIABILITIES	<u>\$ 33,944,157</u>	<u>(2,849,958)</u>	<u>\$ 36,794,115</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Amounts Related to Reservation of Capacity Fees	\$ 448,289	87,049	\$ 361,240
Deferred Amounts Related to Pensions and OPEB	<u>1,040,806</u>	<u>62,675</u>	<u>978,131</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 1,489,095</u>	<u>\$ 149,724</u>	<u>\$ 1,339,371</u>

NET POSITION

	<u>2024</u>	Increase (Decrease)	<u>2023</u>
Net Investment in Capital Assets	\$ 46,616,130	\$ 3,951,739	\$ 42,664,391
Restricted for Bond Covenants	1,651,561	320,500	1,331,061
Restricted for Capital Projects	-	(192,156)	192,156
Unrestricted	<u>10,858,460</u>	<u>(168,231)</u>	<u>11,026,691</u>
TOTAL NET POSITION	<u>\$ 59,126,151</u>	<u>3,911,852</u>	<u>\$ 55,214,299</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
(UNAUDITED)

At July 31, 2024 the Authority has classified certain assets as restricted with such restrictions commensurate with the related restrictions imposed by the Trust Indentures securing the Authority's Sewer Revenue Bonds. Similar funds established under the terms of the Trust Indenture, for the safety and security of the bondholders, were also classified as restricted, as was the accrued interest receivable on the investments in such funds.

During the fiscal year ended July 31, 2024 the Authority added \$792,732 in capital assets, including treatment plant and pump station, equipment, and office equipment, and it continued construction of several capital projects adding \$3,112,917 to construction in progress. There was a net increase of \$719,420 to total capital assets after offsetting depreciation expense of \$3,157,541. In the current year, construction projects and acquisitions were funded by general operating funds and a Luzerne County ARPA Grant.

Total liabilities decreased by \$2,849.958 mainly due to principal payments made on long-term debt.

Revenues

The Authority is not empowered to levy or collect taxes, nor does the Authority receive funding from the taxing authorities within its service area. The Authority's operations and debt service, as well as certain capital asset acquisitions and construction, are funded almost entirely from fees charged to its customers for wastewater treatment and transmission services. However, it should be noted that some debt is issued for the purpose of capital asset acquisition and construction. As such, the Authority's revenue stream is impacted by fluctuations in demand for its services and other economic factors.

Operating Revenue

Total sewage treatment and transmission revenue increased by \$496,616 from 2023 to 2024 primarily due to an increase in hauled waste revenue and increases in all customer revenue categories except high strength waste surcharges.

A summary of the Authority's sewer treatment revenues is as follows:

<u>SEWER TREATMENT REVENUES</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>2023</u>
Residential	\$ 6,473,267	30,458	\$ 6,442,809
Independent Outside Haulers	2,579,184	461,207	2,117,977
Industrial	1,076,870	17,527	1,059,343
Non-residential	1,021,284	25,251	996,033
Surcharge	264,914	(55,579)	320,493
Schools	245,087	1,317	243,770
Penalties	<u>180,691</u>	<u>3,020</u>	<u>177,671</u>
TOTAL SEWER TREATMENT REVENUES	<u>\$ 11,841,297</u>	<u>\$ 483,201</u>	<u>\$ 11,358,096</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
(UNAUDITED)

A summary of the Authority's sewer transmission revenues is as follows:

<u>SEWER TRANSMISSION REVENUES</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>2023</u>
Residential	\$ 1,575,148	7,520	\$ 1,567,628
Non-residential	270,414	1,864	268,550
Industrial	185,199	2,975	182,224
Schools	35,588	(489)	36,077
Penalties	<u>50,409</u>	<u>1,545</u>	<u>48,864</u>
TOTAL SEWER TRANSMISSION REVENUES	<u>\$ 2,116,758</u>	<u>\$ 13,415</u>	<u>\$ 2,103,343</u>

Non-Operating Revenues (Expenses)

From 2023 to 2024, interest income increased by \$264,596 as a result of higher rates of return. Receipt of Contributed Capital in the form of a \$2,000,000 Grant for the Area 2/3 Locust Street CSO Separation and Force Main Replacement Project increased the Non-Operating Revenues by \$2,003,012 from the prior year. Loss on the Disposal of an Asset was (\$91,048) in 2024 compared to zero in 2023. In 2024, interest expense was \$79,464 lower than in the prior year. These overall changes resulted in net non-operating income of \$2,147,347 for 2024 as compared to net non-operating income of \$144,362 for 2023.

A summary of the changes in the Authority's non-operating revenues and expenses are as follows:

<u>NONOPERATING REVENUES AND (EXPENSES)</u>	<u>2024</u>	<u>Net Change</u>	<u>2023</u>
Interest Income	\$ 690,565	\$ 264,596	\$ 425,969
Grants	2,000,000	1,750,000	250,000
Loss on Disposal of Assets (Net)	(91,048)	(91,048)	-
Interest Expense	<u>(452,143)</u>	<u>79,464</u>	<u>(531,607)</u>
TOTAL NONOPERATING REVENUES AND (EXPENSES)	<u>\$ 2,147,374</u>	<u>\$ 2,003,012</u>	<u>\$ 144,362</u>

Expenses

Operating Expenses

Total 2024 operating expenses of \$12,393,232 decreased by \$54,680 from the prior year.

During 2024, collection system expenses decreased by \$250,104 primarily because of a decrease to repairs, replacements, and maintenance of collection and conveyance lines. Treatment Plant expenses increased by \$250,093 primarily because of increases to salaries and wages, chemicals, electricity, biosolids removal & disposal, and repairs/maintenance.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
(UNAUDITED)

During 2024 total administrative expenses decreased by \$104,204 with slight increases or decreases amount the categories. The most notable decreases were \$225,553 in pension plan expense and \$99,147 in group insurance.

A summary of the changes in the Authority's operating expenses is as follows:

<u>OPERATING EXPENSES</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>2023</u>
Plant	\$ 5,464,176	\$ 250,093	\$ 5,214,083
Depreciation	3,157,541	(5,477)	3,163,018
Administrative	2,007,576	(104,204)	2,111,780
Collection System	1,084,689	(250,104)	1,334,793
Pumping Stations	<u>679,250</u>	<u>55,012</u>	<u>624,238</u>
 TOTAL OPERATING EXPENSES	 <u>\$ 12,393,232</u>	 <u>\$ (54,680)</u>	 <u>\$ 12,447,912</u>

Increase in Net Position

During 2024 the Authority's total operating revenues exceeded total operating expenses by \$1,764,478. After considering the non-operating revenues (expenses), the Authority experienced a net increase in net position of \$3,911,852.

Acquisition and Construction of Capital Assets

Major capital assets placed into service during fiscal year ended July 31, 2024 include the following:

July 31, 2024

Treatment Plant, Pump Stations, Conveyance Lines:	
Ash Dewatering Spare Pumps	100,856
New Pump - Cranberry PS	84,028
CSO Vortex Separator Submersible Pump	38,750
Grinder - Diamond Avenue PS	21,179
WWTP Process Waste Pump	14,658
Equipment:	
Flow Loggers (McCrometer/Hach)	405,016
Bobcat S86 T4 Skid Steer Loader	72,890
Air Compressor - WWTP	18,483
Office Equipment:	
New Business Server	21,247
New Telephone System WWTP	<u>15,626</u>
 TOTAL	 <u>\$ 792,732</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
(UNAUDITED)

The \$3,490,101 balance remaining in construction in progress is largely composed of the Locust Street CSO Separation and Force Main Replacement Project. A summary of the changes in construction in progress is as follows:

\$	377,184	Balance 7/31/2023
	3,112,917	Additions
	-	Placed into Service
<u>\$</u>	<u>3,490,101</u>	Balance 7/31/2024

Debt Administration

At July 31, 2024 the Authority had \$26,952,808 in notes and bonds outstanding, versus \$29,600,256 in notes and bonds outstanding at July 31, 2023.

More detailed information about the Authority's outstanding debt is presented in the notes to the financial statements and can also be obtained from Authority management..

Economic Factors

Although the Authority is not required to have legally adopted budgets, the Authority prepares a budget for use as a management control device during the fiscal year. The Authority's management and Board of Directors considered many factors when preparing the July 31, 2024 budget and the fees that will be charged for supplying wastewater treatment and transmission services to its customers. Among the factors considered were the following:

- Operating revenues from customer accounts are expected to increase due to anticipated residential and industrial/warehousing growth in the service area.
- Anticipated average salary and wage increases of 3.5% for Maintenance and Clerical Collective Bargaining Agreement (CBA) employees.
- An increase to the Group Insurance line item is anticipated due to a 19.1% premium increase for calendar year 2025.
- Expenditures related to the ongoing construction and completion of projects currently classified as Construction in Progress are expected.
- Adjustments to various chemical expense line items that correspond to the history of usage in the treatment process over the previous year and increases to the chemical cost from the prior year due to higher bid prices received from suppliers in late June are projected.
- Electrical expense is expected to remain at an elevated level through 2025 due to a 90% increase in generation charges that was caused by electricity provider, Talen Energy, previously declaring Chapter 13 Bankruptcy and thus voided the Authority's contract to purchase electricity through December 31, 2025.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
(UNAUDITED)

- A projected continued increase in repairs and maintenance expenses to account for aging equipment from upgrade projects completed in the 1990's and 2000's, additional equipment placed in service from the incinerator installation, and the need to inventory additional spare parts due to longer supply chain lead times.
- Undertaking ACT-537 and Long-Term Control Planning to reduce inflow/infiltration to the WWTP and reduce/eliminate Combine Sewer Overflow (CSO) discharges in the collection system through future capital projects is considered for the upcoming fiscal year.

**CONTACTING
GREATER HAZLETON JOINT SEWER AUTHORITY'S
FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Greater Hazleton Joint Sewer Authority and to demonstrate the Authority's accountability for the money it receives. Questions regarding this report or requests for additional financial information should be directed to Christopher Carsia, Director of Operations or Gregory Olander, Director of Administration at P.O. Box 651, Hazleton, PA 18201-0651.

GREATER HAZLETON JOINT SEWER AUTHORITY
STATEMENTS OF NET POSITION
JULY 31, 2024 AND 2023

	<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
CURRENT ASSETS			
Cash and Cash Equivalents		\$ 13,630,199	\$ 13,000,191
Accounts Receivable, Net		1,632,205	1,682,655
Unbilled Revenue		1,202,694	1,168,565
Prepaid Expenses		<u>111,125</u>	<u>145,953</u>
 TOTAL CURRENT ASSETS		 <u>16,576,223</u>	 <u>15,997,364</u>
RESTRICTED ASSETS			
Cash and Cash Equivalents		<u>1,651,561</u>	<u>1,508,424</u>
 TOTAL RESTRICTED ASSETS		 <u>1,651,561</u>	 <u>1,508,424</u>
CAPITAL ASSETS			
Non-Depreciable		3,806,966	630,189
Depreciable, Net of Accumulated Depreciation		<u>72,084,245</u>	<u>74,541,602</u>
 TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)		 <u>75,891,211</u>	 <u>75,171,791</u>
 TOTAL ASSETS		 <u>94,118,995</u>	 <u>92,677,579</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts Related to Pensions		372,997	589,959
Deferred Amounts Related to OPEB		<u>67,411</u>	<u>80,247</u>
 TOTAL DEFERRED OUTFLOWS OF RESOURCES		 <u>440,408</u>	 <u>670,206</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		 <u>\$ 94,559,403</u>	 <u>\$ 93,347,785</u>

See Notes to Financial Statements.

GREATER HAZLETON JOINT SEWER AUTHORITY
STATEMENTS OF NET POSITION
JULY 31, 2024 AND 2023

	<u>LIABILITIES</u>	
	<u>2024</u>	<u>2023</u>
CURRENT LIABILITIES		
Payable from Current Assets:		
Current Portion of Long-Term Debt	\$ 2,758,139	\$ 2,647,046
Accounts Payable - Operating	257,076	235,855
Accounts Payable - Capital Assets	700,948	177,363
Accrued Payroll and Compensated Absences	292,887	249,940
Accrued and Withheld Payroll Taxes	2,536	2,689
Accrued Interest Expense	187,092	207,495
TOTAL CURRENT LIABILITIES	<u>4,198,678</u>	<u>3,520,388</u>
NONCURRENT LIABILITIES		
Long-Term Debt, Net of Current Portion	26,515,130	29,860,354
OPEB Liability	2,521,264	2,503,158
Net Pension Liability	647,571	836,906
Compensated Absences	61,514	73,309
TOTAL NONCURRENT LIABILITIES	<u>29,745,479</u>	<u>33,273,727</u>
TOTAL LIABILITIES	<u>33,944,157</u>	<u>36,794,115</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts Related to Reservation of Capacity Fees	448,289	361,240
Deferred Amounts Related to OPEB	1,040,806	978,131
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,489,095</u>	<u>1,339,371</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>35,433,252</u>	<u>38,133,486</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	46,616,130	42,664,391
Restricted for Bond Covenants	1,651,561	1,331,061
Restricted for Capital Assets	-	192,156
Unrestricted	10,858,460	11,026,691
TOTAL NET POSITION	<u>\$ 59,126,151</u>	<u>\$ 55,214,299</u>

See Notes to Financial Statements.

GREATER HAZLETON JOINT SEWER AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Sewage Treatment Revenues	\$ 11,841,297	\$ 11,358,096
Sewage Transmission Revenues	2,116,758	2,103,343
Reservation of Capacity Fee Revenues	153,510	72,200
Other Operating Revenues	39,595	31,470
Tapping Fee Revenues	<u>6,550</u>	<u>21,442</u>
TOTAL OPERATING REVENUES	<u>14,157,710</u>	<u>13,586,551</u>
OPERATING EXPENSES		
Plant	5,464,176	5,214,083
Depreciation	3,157,541	3,163,018
Administrative	2,007,576	2,111,780
Collection System	1,084,689	1,334,793
Pumping Station	<u>679,250</u>	<u>624,238</u>
TOTAL OPERATING EXPENSES	<u>12,393,232</u>	<u>12,447,912</u>
OPERATING INCOME	<u>1,764,478</u>	<u>1,138,639</u>
NONOPERATING REVENUES (EXPENSES)		
Investment Income	690,565	425,969
Grants	2,000,000	250,000
Loss on Disposal of Assets, Net	(91,048)	-
Interest Expense	<u>(452,143)</u>	<u>(531,607)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>2,147,374</u>	<u>144,362</u>
CHANGE IN NET POSITION	3,911,852	1,283,001
NET POSITION - BEGINNING	<u>55,214,299</u>	<u>53,931,298</u>
NET POSITION - ENDING	<u>\$ 59,126,151</u>	<u>\$ 55,214,299</u>

See Notes to Financial Statements.

GREATER HAZLETON JOINT SEWER AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 14,261,084	\$ 13,977,696
Cash Payments to Suppliers for Goods and Services	(6,382,512)	(6,476,204)
Cash Payments to Employees for Services	<u>(2,644,891)</u>	<u>(2,594,520)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>5,233,681</u>	<u>4,906,972</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Grants	2,000,000	250,000
Proceeds from Disposition of Capital Asset	1,500	-
Principal Payments on Debt	(2,647,448)	(2,566,145)
Interest Paid	(1,059,229)	(1,144,632)
Acquisition and Construction of Capital Assets	<u>(3,445,924)</u>	<u>(1,294,029)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(5,151,101)</u>	<u>(4,754,806)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	<u>690,565</u>	<u>425,969</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>690,565</u>	<u>425,969</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	773,145	578,135
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>14,508,615</u>	<u>13,930,480</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 15,281,760</u>	<u>\$ 14,508,615</u>
CASH AND CASH EQUIVALENTS ARE REPORTED IN THE STATEMENT OF NET POSITION AS FOLLOWS:		
Current Assets:		
Cash and Cash Equivalents	13,630,199	13,000,191
Restricted Assets:		
Cash and Cash Equivalents	<u>1,651,561</u>	<u>1,508,424</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 15,281,760</u>	<u>\$ 14,508,615</u>

See Notes to Financial Statements.

GREATER HAZLETON JOINT SEWER AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Operating Income	\$ 1,764,478	\$ 1,138,639
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	3,157,541	3,163,018
Changes in Assets, Liabilities, and Deferred Amounts:		
(Increase) Decrease In:		
Accounts Receivable	50,450	99,149
Unbilled Revenue	(34,129)	(69,244)
Prepaid Expenses	34,828	(7,969)
Deferred Outflows of Resources Related to Pensions	216,962	151,629
Deferred Outflows of Resources Related to OPEB	12,836	(80,247)
Increase (Decrease) In:		
Accounts Payable - Operating	21,221	(144,815)
Accrued Payroll and Compensated Absences	31,152	34,141
Accrued and Withheld Payroll Taxes	(153)	2,689
OPEB Liability	18,106	27,074
Net Pension Liability	(189,335)	256,896
Deferred Inflows of Resources Related to Reservation of Capacity	87,049	361,240
Deferred Inflows of Resources Related to Pensions	-	(126,195)
Deferred Inflows of Resources Related to OPEB	62,675	100,967
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 5,233,681</u>	<u>\$ 4,906,972</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Reconciliation of Cash Paid for Interest:		
Interest Expense	\$ (452,143)	\$ (531,607)
Amortization of Bond Original Issue Premiums (OIPs)	(586,683)	(637,284)
Accrued Interest Expense		
Current Year	187,092	207,495
Prior Year	(207,495)	(183,236)
CASH PAID FOR INTEREST	<u>\$ (1,059,229)</u>	<u>\$ (1,144,632)</u>
Reconciliation of Cash Paid for Acquisition and Construction of Capital Assets:		
Acquisition and Construction of Capital Assets		
Cost of Property and Equipment	\$ (3,969,509)	\$ (1,456,669)
Accounts Payable - Used to Finance Acquisition and Construction of Capital Assets:		
Current Year	700,948	177,363
Prior Year	(177,363)	(14,723)
CASH PAID FOR ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	<u>\$ (3,445,924)</u>	<u>\$ (1,294,029)</u>

See Notes to Financial Statements.

GREATER HAZLETON JOINT SEWER AUTHORITY
STATEMENTS OF FIDUCIARY NET POSITION – PENSION TRUST FUND
JULY 31, 2024 AND 2023

ASSETS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 177,409	\$ 168,650
Investments		
Common Stocks	1,272,697	1,135,545
Mutual Funds	1,160,818	1,009,323
Exchange Traded Funds and Closed-End Funds	1,117,174	891,375
Corporate Bonds	8,886	18,649
U.S. Government Securities	<u>32,146</u>	<u>39,349</u>
Total Investments	<u>3,591,721</u>	<u>3,094,241</u>
Interest Receivable	<u>251</u>	<u>357</u>
 TOTAL ASSETS	 <u>\$ 3,769,381</u>	 <u>\$ 3,263,248</u>

LIABILITIES

CURRENT LIABILITY		
Accrued Actuary Fees	<u>-</u>	<u>13,650</u>

NET POSITION

NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u>\$ 3,769,381</u>	<u>\$ 3,249,598</u>
--	---------------------	---------------------

Note: The Plan's financial statements are for the years ended December 31, 2023 and 2022.

See Notes to Financial Statements.

GREATER HAZLETON JOINT SEWER AUTHORITY
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST FUND
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Pension Contributions - Employer	\$ 223,000	\$ 223,000
Investment Income (Loss)		
Changes in Fair Value of Investments:		
Realized Gains	5,792	9,959
Unrealized Gains (Losses)	373,194	(675,048)
Interest	1,186	1,560
Dividends	104,307	83,950
TOTAL INVESTMENT INCOME (LOSS)	<u>484,479</u>	<u>(579,579)</u>
TOTAL ADDITIONS (SUBTRACTIONS)	<u>707,479</u>	<u>(356,579)</u>
OPERATING EXPENSES		
Retiree Benefits Paid	132,015	132,987
Administrative Expenses:		
Investment Fees	35,678	36,247
Actuary Fees	17,794	13,650
Accounting Fees	2,209	1,684
TOTAL OPERATING EXPENSES	<u>187,696</u>	<u>184,568</u>
CHANGE IN NET POSITION FOR THE YEAR	519,783	(541,147)
NET POSITION RESTRICTED FOR PENSION BENEFITS:		
BEGINNING OF YEAR	<u>3,249,598</u>	<u>3,790,745</u>
END OF YEAR	<u>\$ 3,769,381</u>	<u>\$ 3,249,598</u>

Note: The Plan's financial statements are for the years ended December 31, 2023 and 2022.

See Notes to Financial Statements.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

1. NATURE OF OPERATIONS, ORGANIZATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity and Nature of Operations

The Greater Hazleton Joint Sewer Authority (the "Authority") is a municipal authority incorporated under the Pennsylvania Municipality Authorities Act of 1945, approved May 2, 1945 P.L. 382, as amended and supplemented. The Authority is a separate governmental unit granted independent authority by the Commonwealth of Pennsylvania to allow the Authority's Board of Directors to set rates, fees and charges without oversight, supervision, or direction from any other state or local entity or agency.

The Authority collects and treats residential, commercial, and industrial sewage originating in the municipalities of Hazleton City, Hazle Township, West Hazleton Borough, and a small portion of Sugarloaf Township, and the Authority also accepts hauled waste from outside independent contractors. The Authority operates under the direction of a nine-member Board of Directors representing Hazleton City (six members), Hazle Township (one member), and West Hazleton Borough (two members).

The Governmental Accounting Standards Board (GASB) established the criteria for determining the activities, organizations, and functions of government to be included in the financial statements of the reporting entity. The Authority reports related organizations under the guidance of Statement No. 14 of the Governmental Accounting Standards Board. Statement No. 14 defines the primary government, and establishes the criteria for which potential component units are included in the reporting entity. The criteria used in determining whether such organizations should be included in the Authority's financial reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Authority reviews the applicability of the following criteria.

The Authority is financially accountable for:

1. Organizations that make up the legal Authority entity.
 2. Legally separate organizations of Authority officials appoint a voting majority of the organization's governing body and the Authority is able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.
- a. Impose its Will – If the Authority can significantly influence programs, projects, or activities of, or the level of services performed or provided by, the organization.
 - b. Financial Benefit or Burden – Exists if the Authority (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

- c. Organizations that are Fiscally Dependent on the Authority – Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes, or set rates or charges, or issue bonded debt without approval by the Authority.

The Authority is not a component unit for financial statements purposes. The Authority has determined that it has no potential component unit which should be evaluated.

B. Basis of Presentation

The accounting policies of the Greater Hazleton Joint Sewer Authority conform to generally accepted accounting principles for local government units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.

The Authority does not provide other general government types of services or programs. The Authority's operations, capital expenditures and debt payments are funded almost entirely through rates, fees and other charges for these services. As such, the Authority is considered to be, and therefore presents its financial report as, a stand-alone enterprise fund. Accordingly, there are no government-wide financial statements that are typically presented when an entity is to provide other general governmental types of services or programs.

The Authority's financial statements consist of three parts: Management's Discussion and Analysis (MD&A), the basic financial statements and the related notes to the financial statements, and supplementary information. The MD&A serves as an introduction to the basic financial statements and provides analysis and overview of the Authority's financial activities.

As a stand-alone enterprise fund, the Authority's basic financial statements consist of *Statements of Net Position*, *Statements of Revenues, Expenses and Changes in Net Position*, and *Statements of Cash Flows*. These statements, together with the *Management's Discussion and Analysis*, provides both short-term and long-term financial information and implications for the Authority's financial position.

C. Fund Accounting

The Authority is operated as a proprietary fund. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as another financing sources. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than an expense.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

Trust and Agency Fund – Pension – the plan’s financial statements are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due in accordance with Act 205, as amended. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

D. Measurement Focus

The proprietary fund type is accounted for on a cost of service measurement focus. All assets and liabilities (current and non-current) associated with the activity of the fund are included on its balance sheet. The proprietary fund operating statements present increases and decreases in total net position.

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

The Authority utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recognized in the accounting period in which the liability is incurred.

F. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessments of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

G. Capital Assets

Capital assets are stated at cost. Significant additions, renewals, or betterments which extend the useful life of the assets are capitalized. Expenditures for normal maintenance and repairs are charged to operating expenses. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Sewer Treatment Plant, Pumps, and Transmission Mains	20 to 50 Years
Storage Buildings	20 Years
Vehicles	5 Years
Equipment	8 to 20 Years
Office Equipment	3 to 5 Years

The Authority reviews the carrying value of capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of such capital assets may be impaired. There have been no impairments during fiscal years ended July 31, 2024 or 2023.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

H. Budget and Budgetary Accounting

Since the Authority operates under the Pennsylvania Municipality Authorities Act; it is not required to legally adopt budgets. However, the Authority employs an operating budget for use as a management control device and to comply with the requirements of the trust indentures securing its Sewer Revenue Bonds.

I. Interest Capitalized

The Authority follows the policy of capitalizing interest as a component of the cost of property and equipment constructed for its own use. For the years ended July 31, 2024 and 2023, the Authority did not capitalize any interest costs.

J. Cash Equivalents

The Authority considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

K. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates affecting the financial statements were:

Management's estimate of the useful lives of the capital assets is based on historical useful lives of similar assets as well as an analysis of individual assets.

Management's estimate of the allowance for doubtful accounts is based on historical collection rates, the aging of the accounts, and an analysis of individual accounts.

Management's estimate of the net pension liability and related expenses is based upon estimates and assumptions about the probability of events far into the future, including future employment, employee mortality, and investment income and the related discount rate.

Management's estimate of the other postemployment benefit liability is based upon estimates and assumptions about the probability of events far into the future, including future employment, employee mortality, and investment income and the related discount rate.

L. Net Position

Net investment in capital assets consists of capital assets, net of accumulated depreciation and 1) reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets and 2) increased by the unspent portion of the proceeds of the related bonds, mortgages, notes or other borrowings.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

Restricted for capital assets consists of net position restricted for the acquisition and construction of capital assets other than those classified as “restricted for bond covenants”.

Restricted for bond covenants consist of net position restricted by the terms of the Authority’s bonded debt.

Unrestricted net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

M. Net Position Flow Assumption

Occasionally, the Authority will fund outlays for a particular purpose from both restricted (e.g. Net Investment in Capital Assets) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority’s policy to considered restricted – net position to be depleted before unrestricted – net position.

N. Operating Revenues and Expenses and Revenue Recognition

Proprietary fund operating revenues result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating revenues and expenses generally result from providing services in connection with the Authority’s principal ongoing operations which is the collection and treatment of residential, commercial, and industrial sewage. The Authority also recognizes as operating revenue other miscellaneous cash receipts not arising from investing or financing activities. Operating expenses for the Authority include the cost of collecting, pumping, and treating sewage, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are classified as nonoperating revenues and expenses. Nonoperating revenues result from nonexchange transactions or ancillary activities.

Generally, the Authority recognizes revenue as wastewater treatment and transmission services are provided to its customers, which happens as the services are delivered and the performance obligation is satisfied (“point of sale”). The Authority typically does not have long-term contracts with customers. Accordingly, the Authority’s revenues are recognized ratably according to the period in which the services are provided.

O. Unbilled Revenue

The Authority provides continuous service to its customers and renders billings on cycle dates on a quarterly basis. As a result, revenues earned for service provided, but not billed, are accrued on a pro-rata basis at the end of the fiscal year.

P. Long-Term Obligations

Long-term Obligations are carried at cost, net of any applicable premiums and discounts. Original issue bond premiums and discounts are amortized over the life of the bonds utilizing the effective interest method of amortization. The balance of unamortized premiums and discounts is presented as a net increase or decrease to bonds payable. Costs associated with issuance are expensed during the period the obligations are issued.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

Q. Advertising

The Authority expenses all advertising costs as they are incurred. Total advertising costs for the years ended July 31, 2024 and 2023 were \$4,701 and \$4,612, respectively.

R. Subsequent Events

In preparing these financial statements, management of Greater Hazleton Joint Sewer Authority has evaluated events and transactions subsequent to July 31, 2024 through November 20, 2024, the date these financial statements were available to be issued.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents

A summary of cash and cash equivalents is as follows:

	July 31, 2024 Proprietary Fund	December 31, 2023 Pension Trust	July 31, 2023 Proprietary Fund	December 31, 2022 Pension Trust
Operating Checking Accounts	\$ 3,419,031	\$ -	\$ 4,198,566	\$ -
Pennsylvania Treasury's INVEST Program for Local Governments	10,145,227	-	8,783,725	-
Money Market Accounts	1,717,302	177,409	1,526,124	168,650
Petty Cash and Cash on Hand	200	-	200	-
TOTAL CASH AND CASH EQUIVALENTS	\$ 15,281,760	\$ 177,409	\$ 14,508,615	\$ 168,650

These amounts have been reported in the financial statements as follows:

	July 31, 2024 Proprietary Fund	December 31, 2023 Pension Trust	July 31, 2023 Proprietary Fund	December 31, 2022 Pension Trust
Current Assets:				
Cash and Cash Equivalents	\$ 13,630,199	\$ 177,409	\$ 13,000,191	\$ 168,650
Restricted Assets:				
Cash and Cash Equivalents	1,651,561	-	1,508,424	-
TOTAL	\$ 15,281,760	\$ 177,409	\$ 14,508,615	\$ 168,650

Custodial Credit Risk – Bank Deposits – July 31, 2024

Custodial credit risk is the risk that in the event of a bank failure, the Authority's bank deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk. As of July 31, 2024, \$14,889,710 of the Authority's proprietary fund cash balance of \$15,281,760 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department not in the Authority's name in accordance with Pennsylvania Act 72 of 1971

\$ 4,636,335

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

Uninsured and uncollateralized \$ 10,145,425

Custodial Credit Risk – Bank Deposits – July 31, 2023

Custodial credit risk is the risk that in the event of a bank failure, the Authority's bank deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk. As of July 31, 2022, \$14,008,415 of the Authority's proprietary fund cash balance of \$14,508,615 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's
trust department not in the Authority's name in
accordance with Pennsylvania Act 72 of 1971 \$ 5,442,785

Uninsured and uncollateralized \$ 8,565,630

Restricted Assets – Trustee Accounts – Sewer Revenue Bonds

Certain proceeds of the Authority's Sewer Revenue Bonds, and certain resources set aside for their repayment, are classified as Restricted Assets on the Statement of Net Position because they are maintained in separate bank accounts by a trustee, and their use is limited by applicable bond covenants. The "Clearing Fund" account is used to report resources set aside to pay or reimburse the Authority for certain administrative and operating expenses. The "Construction Fund" account is used to report resources set aside to pay costs of acquisition or construction relating to capital projects financed by the bonds. The "Debt Service Fund" account is used to report resources set aside to pay scheduled interest and principal due on the bonds. The "Debt Service Reserve Fund" account is used to report resources set aside to make up potential future deficiencies in the "Debt Service Fund" account. The "Bond Redemption and Improvement Fund" account is used to report resources set aside to meet unexpected contingencies or to pay extraordinary repairs and completion of project costs.

Pennsylvania Treasury's INVEST Program for Local Governments:

The Authority has an account with the Pennsylvania Treasury's INVEST Program for Local Governments ("INVEST"), an external investment pool. Although not registered with the Securities and Exchange Commission, the program permits the Pennsylvania State Treasurer to service as an investment manager and invest the funds of the Authority with the objective of safety of principal, liquidity, and high yield consistent with sound investment strategy. The Authority is permitted to purchase and redeem shares at \$1.00 per share; they in turn are pooled with other local government shares to acquire and sell certain investment securities. Dividends are paid monthly.

Since INVEST is not a bank, the related deposits are not insured by FDIC and are not collateralized on an individual or pooled basis under PA Act 72 of 1971.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

The Fund is subject to an annual audit. A copy of the audit and more information concerning the program can be obtained from:

Treasury Department
Commonwealth of Pennsylvania
Invest Program
Room 123 - Finance Building
Harrisburg, PA 17120
(866) 300-4603

Investments

To the extent available, investments are recorded at fair value based on quoted market prices in active markets at the date of valuation. Additional information regarding the fair value measurement of investments is disclosed in Note 4. Because of the inherent uncertainty in the use of estimates, values that are based on estimates may differ from the values that would have been used had a ready market existed for the investments. The net increase (decrease) in the fair value of investments is recognized as a component of investment income.

	December 31, 2023		December 31, 2022	
	Cost	Fair Value	Cost	Fair Value
Pension Trust Fund:				
Common Stocks	\$ 827,672	\$ 1,272,697	\$ 924,729	\$ 1,135,545
Mutual Funds	1,162,742	1,160,818	1,087,222	1,009,323
Exchange Traded Funds and Closed-End Funds	1,164,714	1,117,174	999,369	891,375
Corporate Bonds	8,760	8,886	18,584	18,649
U.S. Government Securities	32,146	32,146	40,152	39,349
TOTAL PENSION TRUST FUND	<u>\$ 3,196,034</u>	<u>\$ 3,591,721</u>	<u>\$ 3,070,056</u>	<u>\$ 3,094,241</u>

Net appreciation in the fair value of investments includes both realized and unrealized gains and losses on investments. Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current year includes the net appreciation (depreciation) of these investments reported in the prior year.

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes. In addition to the investments authorized for governmental funds, Fiduciary Fund investments may also be made in corporate stocks and bonds, real estate and other investments consistent with sound business practices.

The deposits and investments of the Pension Trust Fund are administered by trustees and are held separately from those of other Authority funds. The investments are captioned as "Investments" in the Statement of Fiduciary Net Position – Pension Trust Fund.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of July 31, 2024 the Authority's investment balances exposed to interest rate risk was as follows:

Investment Type	<u>Investment Maturities (in Years)</u>				
	Market Value	Less Than 1	1 - 5	6 - 10	More Than 10
Pension Trust Fund:					
U.S. Government Securities	32,146	19,718	12,428	-	-
Corporate Bonds	8,886	8,886	-	-	-
Total	<u>41,032</u>	<u>28,604</u>	<u>12,428</u>	<u>-</u>	<u>-</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt investment is measured by Nationally Recognized Statistical Rating Agencies (NRSRA) such as Moody's Investors Services (Moody's). The Authority does not have a formal investment policy that addresses credit risk.

A summary of the credit risk of the fixed income investments (other than US Government and US government guaranteed) are as follows:

Pension Trust Fund - December 31, 2023

<u>Rating</u>	<u>Amount</u>
Moody's AAA	\$ 3,990
Moody's A1	-
Moody's A2	-
Moody's A3	4,896
Investments Exempt from Rating	<u>3,582,835</u>
Total Pension Trust Fund Investments	<u>\$ 3,591,721</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

Custodial Credit Risk of Investments

Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, that Authority will not be able to recover that value of investment or collateral securities that are in the possession of an outside party. The Authority does not have a formal investment policy that addresses custodial credit risk. The Authority's investment broker maintains private insurance coverage over and above SPIC coverage, with a cap of \$1 billion for all claims with no per-client limit for securities.

Investments in external investment pools or in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Securities underlying reverse repurchase agreements are not exposed to custodial credit risk because they are held by the buyer-lender. The term securities as used in this paragraph includes securities underlying repurchase agreements and investment securities.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The Authority does not have a formal investment policy that addresses concentration of credit risk.

The following table summarizes the percentage of each investment type held by the Authority:

Pension Trust Fund - December 31, 2023		
	Amount	% of Total
U.S. Government Securities:		
U.S. Treasury Notes	\$ 32,146	0.90%
Total U.S. Government Securities	32,146	0.90%
Exchange Traded Funds and Closed-End Funds	1,117,174	31.10%
Mutual Funds	1,160,818	32.32%
Stocks	1,272,697	35.43%
Corporate Bonds	8,886	0.25%
TOTAL PENSION FUND INVESTMENTS	\$ 3,591,721	100.00%

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

Investments in any one issuer (other than U.S. Government Securities) that represent 5% or more of total Pension Fund investments as of December 31, 2023 are as follows:

Pension Trust Fund				
Oakmark International Fund	Mutual Fund	\$	269,641	7.51%
Tweedy Browne International Value Fund	Mutual Fund		187,283	5.21%

Obligations of or guaranteed by the U.S. Government do not require disclosure of concentration of credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that addresses foreign currency risk, however, the Authority held no investments that were exposed to foreign currency risk as of July 31, 2024.

3. FAIR VALUE MEASUREMENTS

To the extent available, the Authority's investments are recorded at fair value at July 31, 2024. GASB Statement No. 72, Fair Value Measurement and Application, defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest, and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1-Investments whose values are based on quoted prices (unadjusted for identical assets in active markets that a government can access at the measurement date.

Level 2-Investments with inputs-other than quoted prices included in Level 1-that are observable for an asset, either directly or indirectly.

Level 3-Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

The following table summarizes the Authority's investments within the fair value hierarchy as of July 31, 2024:

Pension Trust Fund - December 31, 2023				
	Value	Level 1	Level 2	Level 3
Investment by Fair Value Level				
Debt Securities:				
U.S. Government Securities:				
U.S. Treasury Notes	\$ 32,146	\$ 32,146	\$ -	\$ -
Corporate Bonds	8,886	8,886	-	-
Total Debt Securities	41,032	41,032	-	-
Other Securities:				
Exchange Traded Funds and				
Closed End Funds	1,117,174	1,117,174	-	-
Mutual Funds	1,160,818	1,160,818	-	-
Common Stocks	1,272,697	1,272,697	-	-
Total Investments by Fair Value Level	\$ 3,591,721	\$ 3,591,721	\$ -	\$ -

The following table summarizes the Authority's investments within the fair value hierarchy as of July 31, 2023:

Pension Trust Fund - December 31, 2022				
	Value	Level 1	Level 2	Level 3
Investment by Fair Value Level				
Debt Securities:				
U.S. Government Securities:				
U.S. Treasury Notes	\$ 39,349	\$ 39,349	\$ -	\$ -
Corporate Bonds	18,649	18,649	-	-
Total Debt Securities	57,998	57,998	-	-
Other Securities:				
Exchange Traded Funds and				
Closed End Funds	891,375	891,375	-	-
Mutual Funds	1,009,323	1,009,323	-	-
Common Stocks	1,135,545	1,135,545	-	-
Total Investments by Fair Value Level	\$ 3,094,241	\$ 3,094,241	\$ -	\$ -

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

4. RESTRICTED ASSETS – TRUSTEE ACCOUNTS – SEWER REVENUE BONDS

A summary of restricted assets at July 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Series of 2018:		
Debt Service Reserve Fund Account	\$ 1,093	\$ 865
Series of 2020:		
Clearing Fund	88,649	60,465
Debt Service Reserve Fund Account	<u>1,480,472</u>	<u>1,404,245</u>
Total Series of 2020	<u>1,569,121</u>	<u>1,464,710</u>
Series of 2021:		
Clearing Fund	65,353	27,648
Debt Service Fund Account	<u>15,990</u>	<u>15,200</u>
Total Series of 2021	<u>81,343</u>	<u>42,848</u>
Total Series of 2018, 2020, and 2021	<u>\$ 1,651,557</u>	<u>\$ 1,508,423</u>
	<u>2024</u>	<u>2023</u>
Restricted Assets:		
Cash and Cash Equivalents	\$ 1,651,561	\$ 1,508,424
Total Restricted Assets	<u>\$ 1,651,561</u>	<u>\$ 1,508,424</u>

5. ACCOUNTS RECEIVABLE, NET

A summary of the Authority's accounts receivable balances at July 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Accounts Receivable	\$ 1,932,205	\$ 1,982,655
Less: Allowance for Uncollectable Accounts	<u>(300,000)</u>	<u>(300,000)</u>
ACCOUNTS RECEIVABLE, NET	<u>\$ 1,632,205</u>	<u>\$ 1,682,655</u>

The Authority has a variety of methods available to collect its outstanding receivables, including water shut-offs, municipal liens, and sheriff sales. At July 31, 2024 the Authority has approximately one hundred sixty-five (165) liens outstanding. During fiscal year 2024, the Authority was paid for and satisfied approximately thirty (30) liens.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

6. PREPAID EXPENSES

A summary of prepaid expenses at July 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Prepaid Insurance	\$ 106,325	\$ 141,153
Prepaid Legal Expense	<u>4,800</u>	<u>4,800</u>
TOTAL PREPAID EXPENSES	<u>\$ 111,125</u>	<u>\$ 145,953</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

7. CAPITAL ASSETS

Capital asset activity consisted of the following for the year ended July 31, 2024:

	August 1, 2023 Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	July 31, 2024 Ending <u>Balance</u>
CAPITAL ASSETS NOT BEING DEPRECIATED:				
Land	\$ 208,165	\$ -	\$ -	\$ 208,165
Construction in Progress	377,184	3,112,917	-	3,490,101
Deposits on Equipment	<u>44,840</u>	<u>108,700</u>	<u>44,840</u>	<u>108,700</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>630,189</u>	<u>3,221,617</u>	<u>44,840</u>	<u>3,806,966</u>
CAPITAL ASSETS BEING DEPRECIATED:				
Sewer Treatment Plant, Pumps and Transmission Mains	105,352,996	259,471	5,120,177	100,492,290
Storage Buildings	98,232	-	-	98,232
Vehicles	1,321,201	-	27,408	1,293,793
Collection Systems	1,905,072	4,468,209	-	6,373,281
Equipment	2,175,689	496,388	52,830	2,619,247
Office Equipment	<u>205,284</u>	<u>36,873</u>	<u>29,585</u>	<u>212,572</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>111,058,474</u>	<u>5,260,941</u>	<u>5,230,000</u>	<u>111,089,415</u>
LESS ACCUMULATED DEPRECIATION FOR:				
Sewer Treatment Plant, Pumps, and Transmission Mains	33,750,446	2,629,639	1,050,907	35,329,178
Storage Buildings	98,232	-	-	98,232
Vehicles	876,528	183,465	27,408	1,032,585
Collection Systems	267,281	638,392	-	905,673
Equipment	1,328,671	183,990	52,830	1,459,831
Office Equipment	<u>195,714</u>	<u>10,640</u>	<u>26,683</u>	<u>179,671</u>
TOTAL ACCUMULATED DEPRECIATION	<u>36,516,872</u>	<u>3,646,126</u>	<u>1,157,828</u>	<u>39,005,170</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>74,541,602</u>	<u>1,614,815</u>	<u>4,072,172</u>	<u>72,084,245</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 75,171,791</u>	<u>\$ 4,836,432</u>	<u>\$ 4,117,012</u>	<u>\$ 75,891,211</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

Capital asset activity consisted of the following for the year ended July 31, 2023:

	August 1, 2022 Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	July 31, 2023 Ending <u>Balance</u>
CAPITAL ASSETS NOT BEING DEPRECIATED:				
Land	\$ 208,165	\$ -	\$ -	\$ 208,165
Construction in Progress	1,616,432	731,912	1,971,160	377,184
Deposits on Equipment	<u>-</u>	<u>44,840</u>	<u>-</u>	<u>44,840</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>1,824,597</u>	<u>776,752</u>	<u>1,971,160</u>	<u>630,189</u>
CAPITAL ASSETS BEING DEPRECIATED:				
Sewer Treatment Plant, Pumps and Transmission Mains	103,854,614	1,498,382	-	105,352,996
Storage Buildings	98,232	-	-	98,232
Vehicles	1,126,578	194,623	-	1,321,201
Collection Systems	1,432,294	472,778	-	1,905,072
Equipment	1,690,395	485,294	-	2,175,689
Office Equipment	<u>205,284</u>	<u>-</u>	<u>-</u>	<u>205,284</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>108,407,397</u>	<u>2,651,077</u>	<u>-</u>	<u>111,058,474</u>
LESS ACCUMULATED DEPRECIATION FOR:				
Sewer Treatment Plant, Pumps, and Transmission Mains	30,938,023	2,812,423	-	33,750,446
Storage Buildings	98,232	-	-	98,232
Vehicles	707,724	168,803	-	876,528
Collection Systems	229,499	37,783	-	267,281
Equipment	1,189,938	138,733	-	1,328,671
Office Equipment	<u>190,438</u>	<u>5,276</u>	<u>-</u>	<u>195,714</u>
TOTAL ACCUMULATED DEPRECIATION	<u>33,353,854</u>	<u>3,163,018</u>	<u>-</u>	<u>36,516,872</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>75,053,543</u>	<u>(511,941)</u>	<u>-</u>	<u>74,541,602</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 76,878,140</u>	<u>\$ 264,811</u>	<u>\$ 1,971,160</u>	<u>\$ 75,171,791</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

8. ACCRUED PAYROLL AND COMPENSATED ABSENCES

A summary of accrued payroll and compensated absences at July 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Accrued Payroll	\$ 70,089	\$ 51,547
Accrued Compensated Absences	<u>284,312</u>	<u>271,702</u>
 TOTAL ACCRUED PAYROLL AND COMPENSATED ABSENCES	 <u>\$ 354,401</u>	 <u>\$ 323,249</u>

These amounts have been reported in the Statements of Net Position as follows:

	<u>2024</u>	<u>2023</u>
Current Liabilities - Accrued Payroll and Compensated Absences	\$ 292,887	\$ 249,940
Long-Term Portion Noncurrent Liabilities - Compensated Absences	<u>61,514</u>	<u>73,309</u>
 TOTAL ACCRUED PAYROLL AND COMPENSATED ABSENCES	 <u>\$ 354,401</u>	 <u>\$ 323,249</u>

Employees of the Authority are entitled to paid vacation, personal, and sick days depending on length of service, job classification and other factors. Vacation and personal days not used at the end of the calendar year can be carried forward.

A summary of the Authority's changes in its compensated absences for the years ended July 31, 2024 and 2023 is as follows:

	August 1, 2023 Beginning <u>Balance</u>	Net Additions	July 31, 2024 Ending <u>Balance</u>	Estimated Amounts Due Within <u>One Year</u>
Compensated Absences	<u>\$ 271,702</u>	<u>\$ 12,610</u>	<u>\$ 284,312</u>	<u>\$ 222,798</u>

	August 1, 2022 Beginning <u>Balance</u>	Net Additions	July 31, 2023 Ending <u>Balance</u>	Estimated Amounts Due Within <u>One Year</u>
Compensated Absences	<u>\$ 245,966</u>	<u>\$ 25,736</u>	<u>\$ 271,702</u>	<u>\$ 198,393</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

9. LONG TERM DEBT

A. Sewer Revenue Bond, Series of 2018

On March 1, 2018 the Authority issued its Sewer Revenue Bond, Series of 2018 (the "Bond"), in the principal amount of \$2,895,000. The net proceeds of the Bond were for permanent financing, in part, for certain capital additions more commonly known as the "Incinerator Project".

The sources and uses of the funds relative to the issuance of the Bond, exclusive of accrued interest, were as follows:

Source of Funds:

Par Amount of Series 2018 Bond	\$ 2,895,000
 TOTAL SOURCES OF FUNDS	 <u>\$ 2,895,000</u>

Uses of Funds:

Deposit to Construction Fund	\$ 2,832,804
Costs of Issuance	<u>62,196</u>
 TOTAL USES OF FUNDS	 <u>\$ 2,895,000</u>

The Bond was dated March 1, 2018 and accrues interest from that date thereof until maturity or, if redeemable and called for redemption, until the redemption date. The Bond bears interest at a fixed rate of 3.73%.

Redemption Provisions

The Bond is subject to optional redemption as follows:

Optional Redemption:

The Bond is subject to a one-time redemption prior to maturity, at the option of the Authority, upon payment of that specific principal amount so determined for redemption by the Authority not to exceed \$1,447,500, such principal amount to be redeemed together with accrued interest thereon to the regular payment date determined by the Authority for redemption and without any premium or penalty. After such one-time partial prepayment, the remaining principal balance shall be re-amortized, in order to achieve equal monthly installments, through maturity. Other than the one-time partial redemption, the remaining principal balance shall not be subject to redemption prior to March 1, 2023. On March 1, 2023 or on any scheduled payment date thereafter, the Bond may be redeemed, in whole, but not in part, upon payment of the outstanding principal amount of this bond together with accrued interest thereon to the regular payment date determined by the Authority for redemption and without any premium or penalty.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

The following table sets forth, for each respective year ending July 31, the amounts required to be made available in such year for the repayment of principal and interest.

Fiscal Year Ending <u>July 31,</u>	Principal <u>Amount</u>	Total <u>Interest</u>
2025	\$ 134,324	\$ 86,024
2026	139,421	80,927
2027	144,711	75,637
2028	150,202	70,146
2029	155,901	64,446
2030 - 2034	872,857	228,880
2035 - 2038	<u>769,600</u>	<u>56,300</u>
TOTAL	<u>\$ 2,367,016</u>	<u>\$ 662,360</u>

B. PennVest Loan #27906

On May 1, 2018 the Authority issued a promissory note with PennVest in the total principal amount of \$2,425,000, the proceeds of which were used to partially fund the Authority's incinerator installation, ash handling system, and sludge dewatering projects. The note bears interest at a fixed rate of 1.00%. The following table sets forth, for each respective year ending July 31, the amounts required to be made available in such year for the repayment of principal and interest.

Fiscal Year Ending <u>July 31,</u>	Maturing <u>Principal</u>	Total <u>Interest</u>
2025	\$ 118,815	\$ 15,014
2026	120,009	13,821
2027	121,214	12,615
2028	122,432	11,397
2029	123,662	10,167
2030 - 2034	637,195	31,951
2035 - 2038	<u>312,465</u>	<u>3,835</u>
TOTAL	<u>\$ 1,555,792</u>	<u>\$ 98,800</u>

Although the incinerator installation project was fully completed at the end of July 31, 2021, the Authority is compiling additional submissions to PennVest for contractor payments and engineering costs subsequent to the startup of the incinerator. Accordingly, the Authority may have further borrowings against the loan.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

C. Sewer Revenue Bonds, Series of 2020

On May 15, 2020 the Authority issued its Sewer Revenue Bonds, Series of 2020 (the "2020 Bonds"), in the principal amount of \$12,135,000. The net proceeds of the 2020 Bonds were used to refund the Authority's Sewer Revenue Bonds, Series of 2012. The sources and uses of the funds relative to the issuance of the 2020 Bonds were as follows:

SOURCES

Purchase Price for the Bonds		
Par Amount	12,135,000	
Plus Net Original Issue Premium (OIP)	1,420,885	
Less Underwriter's Discount	<u>(60,675)</u>	\$ 13,495,210
 Funds Under the Indenture		
Existing Clearing Fund	1,097,442	
Existing Debt Service Reserve Fund	<u>1,463,240</u>	<u>2,560,682</u>
 TOTAL SOURCES		<u>\$ 16,055,892</u>

USES

Deposit to Debt Service Fund		\$ 14,536,653
 (1) Bond Proceeds	13,330,271	
(2) Existing Clearing Fund	1,097,442	
(3) Existing Debt Service Reserve Fund	<u>108,940</u>	
Deposit to Debt Service Reserve Fund		1,354,300
Municipal Bond Insurance Policy Premium		34,017
Pay Costs of Issuance		124,367
Balance Deposited into the Debt Service Fund		<u>6,555</u>
 TOTAL USES		<u>\$ 16,055,892</u>

The 2020 Bonds were issued as fully registered bonds in denominations of \$5,000 and multiple intervals thereof. The 2020 Bonds were dated May 15, 2020 and accrue interest from that date thereof until maturity or, if redeemable and called for redemption, until the redemption date.

The 2020 Bonds are issued by the Authority on a parity basis pursuant to and secured by the Indenture and are secured by a pledge of, lien upon, and security interest created from the Authority, as debtor, under the Indenture to the Trustee, as secured party, in and to all receipts and revenues from the sewer system, as such phrase is defined and applied under the Indenture. In addition, the 2020 Bonds are secured by moneys held in the funds created under the Indenture, including the Debt Service Reserve Fund.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

Redemption Provisions

The 2020 Bonds are subject to optional redemption as follows:

Optional Redemption:

The 2020 Bonds stated to mature on and after May 15, 2029, are subject to redemption prior to maturity, at the option of the Authority, as a whole on May 15, 2028, or on any date thereafter, upon payment of the principal amount thereof, together with accrued interest to the date fixed for redemption. In the event that less than all bonds of any particular maturity are to be redeemed, the bonds of such maturity to be redeemed shall be drawn by lot by the Trustee. Any such redemption shall be upon payment of the principal amount to be redeemed, together with accrued interest to the date fixed for redemption.

If less than all bonds of any particular maturity are to be redeemed, the bonds of such maturity to be redeemed shall be drawn by lot by the Trustee or DTC, as applicable.

In the event any bonds are in a denomination greater than \$5,000, a portion of such bonds may be redeemed, but portions of bonds shall be redeemed only in the principal amount of \$5,000 or any whole multiple thereof. For purposes of redemption, a bond shall be treated as representing that number of bonds that is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such bond being subject to redemption. In the case of partial redemption of a bond, payment of the redemption price shall be made only upon surrender of such bond in exchange for a bond or bonds of authorized denomination in aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

The stated interest rates and maturities of the 2020 Bonds outstanding as of July 31, 2024 are as follows:

	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
\$	1,020,000	4.000%	5/15/2025
	1,050,000	4.000%	5/15/2026
	1,090,000	4.000%	5/15/2027
	2,330,000	4.000%	5/15/2028 - 5/15/2029
	2,500,000	3.000%	5/15/2030 - 5/15/2031
	1,985,000	2.000%	5/15/2032 - 5/15/2033

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

The following table sets forth, for each respective year ending July 31, the amounts required to be made available in such year for the payment on principal (including mandatory redemption) and interest on the 2020 Bonds.

Fiscal Year Ending <u>July 31,</u>	Principal <u>Amount</u>	Total <u>Interest</u>
2025	\$ 1,020,000	\$ 334,300
2026	1,050,000	293,500
2027	1,090,000	251,500
2028	1,145,000	207,900
2029	1,185,000	162,100
2030 - 2033	<u>4,485,000</u>	<u>245,800</u>
TOTAL	<u>\$ 9,975,000</u>	<u>\$ 1,495,100</u>

D. Sewer Revenue Bonds, Series of 2021

On October 27, 2021 the Authority issued its Sewer Revenue Bonds, Series of 2021 (the "2021 Bonds"), in the principal amount of \$16,995,000. The net proceeds of these bonds were used to refund the Authority's Pennvest Loan #27769 and Pennvest Loan #58103. The sources and uses of the funds relative to the issuance of the 2021 Bonds were as follows

SOURCES

Par Amount	\$ 16,995,000
Plus Net Original Issue Premium (OIP)	<u>2,713,833</u>
TOTAL SOURCES	<u>\$ 19,708,833</u>

USES

Payoff Pennvest Loan #27769, plus accrued interest	\$ 19,109,534
Payoff Pennvest Loan #58103, plus accrued interest	289,501
Underwriter's Discount	84,975
Municipal Bond Insurance Policy Premium	31,400
Debt Service Reserve Fund Surety	21,888
Other Costs of Issuance	156,884
Deposit to Debt Service Fund	<u>14,651</u>
TOTAL USES	<u>\$ 19,708,833</u>

The bonds were issued as fully registered bonds in denominations of \$5,000 and multiple intervals thereof. The 2021 bonds were dated May 15, 2022 and accrue interest from that date thereof until maturity or, if redeemable and called for redemption, until the redemption date.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

The Bonds are issued by the Authority on a parity basis pursuant to and secured by the Indenture. The Bonds are secured by a pledge of, lien upon, and security interest created from the Authority, as debtor, under the Indenture to the Trustee, as secured party, in and to all Receipts and Revenues from the Sewer System, as such phrase is defined and applied under the Indenture. In addition, the Bonds are secured by moneys held in the funds created under the Indenture, including the Debt Service Reserve Fund.

The stated interest rates and maturities of the 2021 Bonds outstanding as of July 31, 2024 are as follows:

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
\$ 1,485,000	4.000%	5/15/2025
1,545,000	4.000%	5/15/2026
1,610,000	4.000%	5/15/2027
1,670,000	4.000%	5/15/2028
1,740,000	4.000%	5/15/2029
1,770,000	4.000%	5/15/2030
1,840,000	4.000%	5/15/2031
1,395,000	4.000%	5/15/2032

The following table sets forth, for each respective year ending July 31, the amount required to be made available in such year for the payment on principal (including mandatory redemption) and interest on the 2021 Bonds.

<u>Fiscal Year Ending July 31,</u>	<u>Principal Amount</u>	<u>Total Interest</u>
2025	\$ 1,485,000	\$ 522,200
2026	1,545,000	462,800
2027	1,610,000	411,000
2028	1,670,000	336,600
2029	1,740,000	245,800
2030 - 2032	<u>5,005,000</u>	<u>385,400</u>
 TOTAL	 <u>\$ 13,055,000</u>	 <u>\$ 2,363,800</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

E. Total Estimated Annual Debt Service Requirements

A summary of the total estimated future debt service requirements for all bonds and notes outstanding as of July 31, 2024 is as follows:

Fiscal Year Ending <u>July 31,</u>	Maturing <u>Principal</u>	Total <u>Interest</u>
2025	2,758,139	957,538
2026	2,854,430	851,048
2027	2,965,925	750,752
2028	3,087,634	626,043
2029	3,204,563	506,513
2030 - 2034	11,000,052	892,031
2035 - 2038	<u>1,082,065</u>	<u>60,135</u>
TOTAL	<u>\$ 26,952,808</u>	<u>\$ 4,644,060</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

F. Bond and Loan Balance Activity

Bond and loan balance activity for the year ended July 31, 2024 was as follows:

	August 1, 2023 Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	July 31, 2024 Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
Bonds and Loans Payable:					
Sewer Revenue Bonds - Series of 2021	\$ 14,485,000	\$ -	\$ 1,430,000	\$ 13,055,000	\$ 1,485,000
Sewer Revenue Bonds - Series of 2020	10,945,000	-	970,000	9,975,000	1,020,000
Sewer Revenue Bonds - Series of 2018	2,496,831	-	129,815	2,367,016	134,324
PennVest Loan #27906	<u>1,673,425</u>	<u>-</u>	<u>117,633</u>	<u>1,555,792</u>	<u>118,815</u>
	<u>29,600,256</u>	<u>-</u>	<u>2,647,448</u>	<u>26,952,808</u>	<u>2,758,139</u>
Unamortized Bond Premiums:					
OIP Series of 2021	1,987,656	-	392,944	1,594,712	-
OIP Series of 2020	<u>919,488</u>	<u>-</u>	<u>193,739</u>	<u>725,749</u>	<u>-</u>
	<u>2,907,144</u>	<u>-</u>	<u>586,683</u>	<u>2,320,461</u>	<u>-</u>
TOTAL BONDS AND LOANS PAYABLE, NET	<u>\$ 32,507,400</u>	<u>\$ -</u>	<u>\$ 3,234,131</u>	<u>\$ 29,273,269</u>	<u>\$ 2,758,139</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

Bond and loan balance activity for the year ended July 31, 2023 was as follows:

	August 1, 2022 Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	July 31, 2023 Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
Bonds and Loans Payable:					
Sewer Revenue Bonds - Series of 2021	\$ 15,875,000	\$ -	\$ 1,390,000	\$ 14,485,000	\$ 1,430,000
Sewer Revenue Bonds - Series of 2020	11,880,000	-	935,000	10,945,000	970,000
Sewer Revenue Bonds - Series of 2018	2,621,513	-	124,682	2,496,831	129,413
PennVest Loan #27906	<u>1,789,888</u>	<u>-</u>	<u>116,463</u>	<u>1,673,425</u>	<u>117,633</u>
	<u>32,166,401</u>	<u>-</u>	<u>2,566,145</u>	<u>29,600,256</u>	<u>2,647,046</u>
Unamortized Bond Premiums:					
OIP Series of 2021	2,405,345	-	417,689	1,987,656	-
OIP Series of 2020	<u>1,139,083</u>	<u>-</u>	<u>219,595</u>	<u>919,488</u>	<u>-</u>
	<u>3,544,428</u>	<u>-</u>	<u>637,284</u>	<u>2,907,144</u>	<u>-</u>
TOTAL BONDS AND LOANS PAYABLE, NET	<u>\$ 35,710,829</u>	<u>\$ -</u>	<u>\$ 3,203,429</u>	<u>\$ 32,507,400</u>	<u>\$ 2,647,046</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

G. Net Long-Term Debt

A summary of the Authority's Long-Term Debt outstanding as of July 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Sewer Revenue Bonds, Series of 2021	\$ 13,055,000	\$ 14,485,000
Plus:		
Net Original Issue Premium	<u>1,594,712</u>	<u>1,987,656</u>
Net Carrying Amount - Sewer Revenue Bonds, Series of 2021	<u>14,649,712</u>	<u>16,472,656</u>
 Sewer Revenue Bonds, Series of 2020	 9,975,000	 10,945,000
Plus:		
Net Original Issue Premium	<u>725,749</u>	<u>919,488</u>
Net Carrying Amount - Sewer Revenue Bonds, Series of 2020	<u>10,700,749</u>	<u>11,864,488</u>
 Sewer Revenue Bonds, Series 2018	 2,367,016	 2,496,831
PennVest Loan #27906	<u>1,555,792</u>	<u>1,673,425</u>
Total Debt Outstanding	29,273,269	32,507,400
Less: Amount Due in One Year	<u>2,758,139</u>	<u>2,647,046</u>
 TOTAL LONG-TERM DEBT, NET	 <u>\$ 26,515,130</u>	 <u>\$ 29,860,354</u>

10. OTHER POST EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS

A. General Information about the Authority's Plan

1. Plan Description

The Authority's Other Post-Employment Benefits (OPEB) Other than Pensions offered to employees and retirees is a single-employer defined benefit plan for benefits other than pension which is controlled by the provisions of a collective bargaining agreement between the Authority and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC, on behalf of Local Union 8567-13 for Clerical Employees as well as Maintenance Employees effective May 15, 2017 to May 14, 2022.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

2. Employees Covered by the Plan

The following employees and retirees were covered by the plan:

	As of <u>8/1/2023</u>
Inactive Plan Members, or Beneficiaries Currently Receiving Benefits	6
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	<u>35</u>
 TOTAL COVERED EMPLOYEES	 <u><u>41</u></u>

3. Plan Provisions

The OPEB plan provides the following benefits:

- a. Normal Retirement Eligibility - Minimum of age 62. A retiree must reach Normal Retirement in order to be eligible for retiree health benefits.
- b. Early Retirement Eligibility - Minimum of age 55 with 10 years of services. Individuals that retire early are eligible for life insurance only.
- c. Medical Benefits - Medical, prescription drug, and dental coverage same as active until eligible for Medicare. Upon Medicare eligibility, the Authority will reimburse the retiree 100% of the premium for a Medicare Supplement Plan.
- d. Retiree Contribution - Prior to Medicare eligibility, the retiree is responsible for paying 50% of the premium. Retiree is not required to contribute toward the cost of a Medicare Supplement plan.
- e. Spousal Coverage - For Non-Management retirees, only until the retiree becomes eligible for Medicare, and provided the retiree contributes 50% of the premium for spousal coverage. For Management retirees, Non-Medicare coverage provided the retiree contributes 50% of the premium. Once Medicare eligible, the spouse is covered in full. For both Non-Management and Management retirees that become eligible for Medicare prior to their spouse, the spouse may continue in non-Medicare coverage for a maximum of 3 years by paying 100% of the cost of COBRA.
- f. Dependent Child Coverage - Yes, until the age of 26 or the retiree becomes eligible for Medicare, whichever occurs first.
- g. Survivor Benefits - None.
- h. Life Insurance - \$15,000 benefit.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

4. Contributions

The Authority is not currently making contributions to a qualified trust.

B. Investments

1. Investment Policy - The Authority does not have a GASB qualified trust, and therefore, there are no investments.

2. Rate of Return - There are no investments.

C. OPEB Liability

1. Net OPEB Liability

The components of the Net OPEB liability of the Authority at July 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Total OPEB Liability (TOL)	\$ 2,521,264	\$ 2,503,158
Plan Fiduciary Net Position	-	-
Net OPEB Liability (NOL)	<u>\$ 2,521,264</u>	<u>\$ 2,503,158</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>0.0%</u>	<u>0.0%</u>

2. Actuarial Assumptions

An actuarial valuation of the total OPEB liability is performed biennially. The total OPEB liability was determined as part of an actuarial valuation at August 1, 2023. Updated procedures were used to roll forward to the Authority's fiscal year ending July 31, 2024. This report is based upon the following actuarial assumptions, asset valuation method, and cost method:

a. Actuarial Methods

1. Liabilities- All plan benefits are valued using the entry age normal cost valuation method as a level percent of pay.

b. Actuarial Assumptions

1. Economic Assumptions

a. Investment Return- There are no invested assets.

b. Salary Increases- 4.0% compounded annually.

c. Discount Rate- 4.20%.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

2. Healthcare Cost Trend Rate

- a. Non-Medicare medical and prescription drug costs assume an initial rate of 8.50% in fiscal 2024, then 7.90% in fiscal 2025, grading down to the ultimate trend rate of 4.00% in fiscal 2061.
- b. Medicare supplement costs assume an initial rate of 6.25% in fiscal 2024, then 5.65% in fiscal 2025, grading down to the ultimate trend rate of 4.00% in fiscal 2061.
- c. Dental costs are assumed to increase by 2% per year.

3. Demographic Assumptions

- a. Mortality- Mortality rates are 2010 Pub-G mortality tables projected 5 years past the valuation date using mortality improvement scale MP-2021.
- b. Termination - None assumed.
- c. Disability - None assumed.
- d. Retirement is assumed to occur at normal retirement age of 62.
- e. Participation - 100% of eligible retirees are assumed to participate.
- f. Marital Status - 50% of future retirees are assumed to have a spouse participating in coverage. Female spouses are assumed to be 3 years younger than male spouses.
- g. Children - It is assumed that by the age of normal retirement (age 62), there will be no children in coverage.

3. Long-Term Expected Rate of Return

Since there are no invested assets, there is no long-term expected rate of return.

4. Discount Rate

The discount rate is 4.20% based on the July 31, 2024 S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

5. Net OPEB Liability Sensitivity- Discount Rate

The following is a sensitivity analysis of the net OPEB liability to changes in the discount rate. The table below presents the net OPEB liability calculated using the discount rate of 4.20% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate:

	1% Decrease <u>3.20%</u>	Current Discount Rate <u>4.20%</u>	1% Increase <u>5.20%</u>
Net OPEB Liability	<u>\$ 2,885,423</u>	<u>\$ 2,521,264</u>	<u>\$ 2,220,676</u>

6. Net OPEB Liability Sensitivity- Healthcare Trend

The following is a sensitivity analysis of the net OPEB liability to changes in the healthcare trend rate. The table below presents the net OPEB liability calculated using the current trend rate as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percent higher and 1 percent lower than expected:

	1% Decrease <u>1%</u>	Current Trend Rates <u>4.20%</u>	1% Increase <u>5.20%</u>
Net OPEB Liability	<u>\$ 2,181,596</u>	<u>\$ 2,521,264</u>	<u>\$ 2,946,489</u>

7. Changes in Net OPEB Liability

The following table shows the changes in net OPEB liability recognized for the year ended July 31, 2024:

	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 31, 2023	<u>\$ 2,503,158</u>	<u>\$ -</u>	<u>\$ 2,503,158</u>
Changes for the Year:			
Service Cost	168,288	-	168,288
Interest	108,252	-	108,252
Differences Between Expected and Actual Experience	(75,528)	-	(75,528)
Changes in Assumptions and Cost Method	(133,159)	-	(133,159)
Contributions - Employer	-	49,747	(49,747)
Benefit Payments*	<u>(49,747)</u>	<u>(49,747)</u>	<u>-</u>
Net Changes	18,106	-	18,106
Balances at July 31, 2024	<u>\$ 2,521,264</u>	<u>\$ -</u>	<u>\$ 2,521,264</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

The following table shows the changes in net OPEB liability recognized for the year ended July 31, 2023:

	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 31, 2022	\$ 2,476,084	\$ -	\$ 2,476,084
Changes for the Year:			
Service Cost	138,076	-	138,076
Interest	98,957	-	98,957
Changes in Assumptions and Cost Method	(134,925)	-	(134,925)
Contributions - Employer	-	70,125	(70,125)
Benefit Payments*	(75,034)	(70,125)	(4,909)
Net Changes	27,074	-	27,074
Balances at July 31, 2023	\$ 2,503,158	\$ -	\$ 2,503,158

*Payments are actuarially determined expected benefit payments, which may vary from actual benefit payments due to implied subsidy and experience that is different than expected.

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to Pensions

The annual OPEB expense recognized can be calculated two different ways. First it is the change in the amounts reported on the Employer's Statement of Net Position that relate to the plan and are not attributable to employer contributions. That is, it is the change in OPEB Liability plus the changes in deferred outflows plus employer contributions, as follows:

		Measurement Year Ended July 31, 2024
Change in OPEB Liability:		
July 31, 2024	2,521,264	
July 31, 2023	<u>2,503,158</u>	\$ 18,106
Change in Deferred Outflows of Resources:		
July 31, 2024	<u>(12,836)</u>	(12,836)
Change in Deferred Inflows of Resources:		
July 31, 2024	<u>62,675</u>	62,675
Contributions - Authority		<u>75,419</u>
NET OPEB EXPENSE		<u>\$ 143,364</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

		Measurement Year Ended <u>July 31, 2023</u>
Change in OPEB Liability:		
July 31, 2023	2,503,158	
July 31, 2022	<u>2,476,084</u>	\$ 27,074
Change in Deferred Outflows of Resources:		
July 31, 2023	<u>(80,247)</u>	(80,247)
Change in Deferred Inflows of Resources:		
July 31, 2023	<u>100,967</u>	100,967
Contributions - Authority		<u>75,034</u>
NET OPEB EXPENSE		<u>\$ 122,828</u>

Alternatively, annual OPEB expense can be calculated by its individual components, as follows:

	<u>July 31, 2024</u>	<u>July 31, 2023</u>
Service Cost	\$ 168,288	\$ 138,076
Interest on Total OPEB Liability	108,252	98,957
Difference Between Expected and Actual Experience	(86,969)	-
Changes in Assumptions and Cost Method	<u>(46,207)</u>	<u>(114,205)</u>
NET OPEB EXPENSE	<u>\$ 143,364</u>	<u>\$ 122,828</u>

E. Deferred Outflows and Deferred Inflows of Resources

At July 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience*	\$ -	\$ 565,753
Changes in Assumptions**	<u>67,411</u>	<u>475,053</u>
TOTAL DEFERRED AMOUNTS	<u>\$ 67,411</u>	<u>\$ 1,040,806</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the OPEB expense as follows:

Year Ended July 31:

2025	133,176
2026	133,176
2027	133,176
2028	133,176
2029	133,176
Thereafter	307,515

*The majority of the difference is due to lower than expected projected increases in Non-Medicare medical and prescription drug premiums, Medicare Supplement reimbursement and dental costs, in addition to the fact that a number of active participants are eligible for and expected to retire did not retire.

**The discount rate changed from 4.21% used for the calculations for the measurement date July 31, 2023 to 4.20% used for the calculations for the measurement date July 31, 2024.

11. EMPLOYEES RETIREMENT PLAN

A. General Information about the Pension Plan

1. Plan Description

The Greater Hazleton Joint Sewer Authority Employees' Pension Plan (the "Plan") is a single-employer defined benefit pension plan controlled by the plan document. The Plan is governed by the Authority which may amend plan provisions, and which is responsible for the management of plan assets. The Authority has delegated the authority to manage certain plan assets to Morgan Stanley.

The Authority filed actuarial valuation report Form 203c with the Public Employee Retirement Commission. The report dated January 1, 2023, was the most recent certified by the Authority's chief administrative officer. This report indicated the Authority maintains a pension plan to provide pension or retirement benefits for Non-Uniformed employees.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

2. Employees Covered by The Plan

As of January 1, 2024 and 2023, the following employees were covered by the benefit terms:

	Actuarial Valuation Date	
	<u>1/1/24</u>	<u>1/1/23</u>
Active Employees	25	26
Retirees and Beneficiaries Currently Receiving Benefits	11	12
Terminated Employees Entitled to Benefits but Not Yet Receiving Them	<u>2</u>	<u>0</u>
TOTAL COVERED EMPLOYEES	<u>36</u>	<u>38</u>

3. Benefit Provisions

As of January 1, 2024, the Plan provides for the following retirement and other benefits:

- a. Eligibility - All employees who have completed 1,000 hours of service within 12 months and not employed within 5 years of Normal Retirement Date. Effective May 15, 2017, participation in the Plan will be frozen. No new employees will enter the Plan after May 15, 2017.
- b. Retirement Dates:
 1. Normal Retirement Date - First day of month following the member's sixty-second (62nd) birthday.
 2. Early Retirement Date - Attainment of member's fifty-fifth (55th) birthday and completion of ten (10) years of credited service.
 3. Postponed Retirement Date - A member may continue to work past his Normal Retirement Date in accordance with the Age Discrimination Act.
 4. Disability Retirement Date - Qualified for Social Security Disability or demonstrates to the Committee that the member has a permanent and total disability.
- c. Retirement Benefits:
 1. Normal Retirement Benefit - Shall be determined for each year of service in accordance with the following table:

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

For Participants Whose Date of Determination is On or After	Hours of Service Within Calendar Year		
	<u>1000-1399</u>	<u>1400-1799</u>	<u>1800 or More</u>
5/15/1987	\$ 8.00	\$ 12.00	\$ 15.00
5/15/1993	10.50	16.00	20.00
5/15/1994	11.00	17.00	21.25
5/15/1995	11.50	17.50	21.50
5/15/1996	12.03	18.04	22.55
5/15/1997	12.59	18.88	23.60
5/15/1998	13.15	19.72	24.65
5/15/1999	13.87	20.80	26.00
5/15/2000	14.93	22.40	28.00
5/15/2001	16.53	24.80	31.00
5/15/2002	17.60	26.40	33.00
5/15/2003	18.67	28.00	35.00
5/15/2006	21.33	32.00	40.00
5/15/2011	24.00	36.00	45.00
5/15/2014	26.67	40.00	50.00
5/15/2017	29.33	44.00	55.00
5/15/2022	29.86	44.80	56.00
5/15/2023	32.53	48.40	61.00

2. Early Retirement Benefit
 - a. Early Deferred Benefit – Shall be equal to the employee’s accrued benefit as of their date of early retirement payable at age 62.
 - b. Early Immediate Benefit – Shall be equal to the equivalent actuarial value of the employee’s early deferred benefit.
3. Postponed Retirement Benefit - Benefits shall increase in the normal manner as affected by continuing employment beyond age 62.
4. Disability Retirement Benefit - Shall be equal to the equivalent actuarial value of the employee’s accrued benefit as of the date of disability.
- d. Vested Benefits:
 1. Accrued Benefit – Normal retirement benefit earned to date of termination of employment.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

2. Vested Benefit – Determined by multiplying the Accrued Benefit by the applicable percentage, as follows:

<u>Years of Credited Service at Date of Determination</u>	<u>Vesting Percent</u>
Less than 5	None
5 but less than 6	50%
6 but less than 7	60%
7 but less than 8	70%
8 but less than 9	80%
9 but less than 10	90%
10 or more	100%

e. Death Benefits:

1. Pre-Retirement – Equal to the present value of the member's accrued benefit at date of death.
2. Post-Retirement – None, unless the member chooses a Life with 10 Year Certain or Joint & Survivor Option.

f. Retirement Benefit Payments:

1. Normal Retirement Benefit – Payable in equal monthly installments during the employee's lifetime.
2. Qualified Joint & Survivor Options – Equivalent actuarial value of the Normal Retirement Benefit.
 - a. 100% Survivor – Spouse receives the same monthly benefit the member was receiving.
 - b. 50% Survivor – Spouse receives 50% of the monthly benefit the member was receiving.
3. Ten Years Certain and Life Option – The equivalent actuarial value of the Normal Retirement Benefit. Payable in monthly installments during the employee's lifetime. If the employee dies before receiving 120 monthly payments, the balance of the 120 payments will be made to the member's beneficiary(ies).

g. Plan Anniversary Date - January 1

- h. Administrative Committee - Committee has general responsibility for the administration and interpretation of the Plan. The Committee shall consist of at least three (3) persons appointed by the Board of Directors and three (3) employee representatives.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

i. Investment Committee - Committee reviews the investment performance and methods of the Trustee and any other funding agencies. With approval of the Board of Directors, it may appoint and remove or change the Trustee and any such funding agency. The Committee shall consist of at least three (3) persons appointed by the Board of Directors and three (3) employee representatives.

j. Plan Document:

A. Effective Date of Plan	5/15/75
B. Amendment #1	5/15/75
C. Amendment #2 Rewrite	5/15/78
D. Amendment #3	5/15/81
E. Amendment #4	5/15/84
F. Amendment #5	5/15/93
G. Amendment #6	2/10/97
H. Amendment #7	5/15/02
I. Amendment #8	2/19/03
J. Amendment #9	9/6/06
K. Amendment #10	8/21/12
L. Amendment #11	1/30/14
M. Amendment #12	5/15/17
N. Amendment #13	9/13/21
O. Amendment #14	5/15/22
P. Amendment #15	5/15/23

4. Contributions

Act 205 requires that annual contributions to the plan be based upon the Plan's Minimum Municipal Obligation (MMO), which is based on the Plan's biennial actuarial valuation. In accordance with the Plan's governing document, employees are not required to contribute to the Plan. Any funding requirements established by the MMO must be paid by the Authority in accordance with Act 205.

Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

B. Summary of Significant Accounting Policies

1. Basis of Accounting

The Plan's policy is to prepare its financial statements on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

2. Valuation of Investments

The Plan's assets are valued at fair market value.

C. Investments

1. Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee. The investment policy of the Plan is to maximize the total rate of return over the long term, subject to preservation of capital, by diversifying the allocation of capital among various investments in domestic equity securities, international equity securities, domestic fixed income instruments and other asset classes as may be deemed prudent.

The Plan's investment policy establishes that the portfolio may be invested in the following asset classes with the following target asset allocation:

<u>Asset Class</u>	<u>Target</u>	<u>Asset Class</u>	<u>Target</u>
Equities	33%	Governmental Securities	1%
Corporate Fixed	0%	Mutual Funds, ETFs & CEFs	58%
		Cash	8%

The asset classes that are currently displayed are based on the actual market value asset allocation.

2. Rate of Return

For the year ended July 31, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.85%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Deferred Retirement Option Program (DROP)

The Plan does not provide a Deferred Retirement Option Program.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

E. Pension Liability

1. Net Pension Liability

The components of the net pension liability of the Authority as of July 31, 2024 were as follows:

Total Pension Liability (TPL)	\$ 4,799,307
Plan Fiduciary Net Position	<u>4,151,736</u>
Net Pension Liability (NPL)	<u>\$ 647,571</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>86.5%</u>

2. Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2023. Update procedures were used to roll forward to the Plan's fiscal year ended July 31, 2024. This report is based upon the following actuarial assumptions, asset valuation method, and cost method:

a. Actuarial Methods

1. Liabilities- All plan benefits are valued using the Entry Age Normal Cost Valuation method.

b. Actuarial Assumptions

1. Economic Assumptions

- a. Investment Return- 6.5% per annum, net of investment expenses.

2. Demographic Assumptions

- a. Mortality- RP-2000 Mortality Table projected to 2017 using Scale AA.

- i. Pre-Retirement Mortality: PubG-2010 Employee Mortality projected 5 years past the valuation date using Scale MP-2021.
- ii. Post-Retirement Mortality: PubG-2010 Healthy Retiree Mortality projected 5 years past the valuation date using Scale MP-2021.
- iii. Beneficiaries Mortality: PubG-2010 Contingent Survivor Mortality projected 5 years past the valuation date using Scale MP-2021.
- iv. Disabled Mortality: PubG-2010 Disabled Mortality projected 5 years past the valuation date using Scale MP-2021.

- b. Termination- None assumed.

- c. Disability- None assumed.

- d. Retirement Age- Normal retirement age or age on valuation date if greater.

- e. Form of Annuity- Straight life.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

3. Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation of 2.47%), are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 31, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	6.66%	Governmental Securities	0.76%
Corporate Fixed	3.07%	Mutual Funds	
		ETFs & CEFs	6.66%
		Cash	0.76%

The Long-Term Expected Real Rates of Return are based on the 2023 Horizon Survey.

4. Discount Rate

The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at the current contribution rate and that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Authority rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

5. Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 6.5% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.5%) or 1 percentage point higher (7.5%) than the current rate:

	<u>1% Decrease 5.50%</u>	<u>Current Discount Rate 6.50%</u>	<u>1% Increase 7.50%</u>
Net Pension Liability	<u>\$ 1,125,536</u>	<u>\$ 647,571</u>	<u>\$ 241,547</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

6. Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period:

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at July 31, 2023	\$ 4,575,544	\$ 3,738,638	\$ 836,906
Changes for the Year:			
Service Cost	74,849	-	74,849
Interest	297,448	-	297,448
Contributions - Employer*	-	223,000	(223,000)
Net Investment Income	-	356,346	(356,346)
Benefit Payments	(148,534)	(148,534)	-
Administrative Expense	-	(17,714)	17,714
Net Changes	223,763	413,098	(189,335)
Balance at July 31, 2024	\$ 4,799,307	\$ 4,151,736	\$ 647,571

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at July 31, 2022	\$ 4,006,688	\$ 3,426,678	\$ 580,010
Changes for the Year:			
Service Cost	68,720	-	68,720
Interest	260,522	-	260,522
Changes in Benefit Terms	237,789	-	237,789
Differences Between Expected and Actual Experience	136,565	-	136,565
Contributions - Employer*	-	223,000	(223,000)
Net Investment Income (Loss)	-	237,350	(237,350)
Benefit Payments	(134,740)	(134,740)	-
Administrative Expense	-	(13,650)	13,650
Net Changes	568,856	311,960	256,896
Balance at July 31, 2023	\$ 4,575,544	\$ 3,738,638	\$ 836,906

*Employer contributions as of fiscal year end July 31, 2024 and 2023.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

7. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

The annual pension expense recognized can be calculated two different ways. First it is the change in the amounts reported on the Employer's Statement of Net Position that relate to the plan and are not attributable to employer contributions. That is, it is the change in NPL plus the changes in deferred outflows plus employer contributions, as follows:

			Measurement Year Ended <u>July 31, 2024</u>
Change in Net Pension Liability:			
July 31, 2024	647,571		
July 31, 2023	<u>836,906</u>	\$	(189,335)
Change in Deferred Outflows of Resources:			
July 31, 2024	(372,997)		
July 31, 2023	<u>(589,959)</u>		216,962
Contributions - Authority*			223,000
Contributions - 457(b) Match			78,641
Actuarial Fees			<u>1,750</u>
NET PENSION EXPENSE		\$	<u>331,018</u>

*Contributions as of fiscal year ended July 31, 2024.

			Measurement Year Ended <u>July 31, 2023</u>
Change in Net Pension Liability:			
July 31, 2023	836,906		
July 31, 2022	<u>580,010</u>	\$	256,896
Change in Deferred Outflows of Resources:			
July 31, 2023	(589,959)		
July 31, 2022	<u>(741,588)</u>		151,629
Change in Deferred Inflows of Resources:			
July 31, 2023	-		
July 31, 2022	<u>126,195</u>		(126,195)
Contributions - Authority*			223,000
Contributions - 457(b) Match			46,741
Actuarial Fees			<u>4,500</u>
NET PENSION EXPENSE		\$	<u>556,571</u>

*Contributions as of fiscal year ended July 31, 2023.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

Alternatively, annual pension expense can be calculated by its individual components, as follows:

	<u>July 31, 2024</u>	<u>July 31, 2023</u>
Service Cost	\$ 74,849	\$ 68,720
Interest on Total Pension Liability	297,448	260,522
Changes in Benefit Terms	-	237,789
Differences Between Expected and Actual Experience	(3,328)	(3,328)
Changes of Assumptions	67,088	67,088
Projected Earnings on Pension Plan Investments	(241,232)	(221,535)
Differences Between Projected and Actual Earnings on Investments	38,088	82,424
Administrative Expense	<u>17,714</u>	<u>13,650</u>
 Total Pension Plan Expense	 250,627	 505,330
 Contributions - 457(b) Match	 78,641	 46,741
 Actuarial Fees	 <u>1,750</u>	 <u>4,500</u>
 NET PENSION EXPENSE	 <u><u>\$ 331,018</u></u>	 <u><u>\$ 556,571</u></u>

8. Deferred Outflows and Deferred Inflows of Resources

At July 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 17,026	\$ -
Changes in Assumptions	259,445	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>96,526</u>	<u>-</u>
 TOTAL DEFERRED AMOUNTS	 <u><u>\$ 372,997</u></u>	 <u><u>\$ -</u></u>

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the pension expense as follows:

Year Ended July 31:

2025	\$	90,130
2026		183,290
2027		37,773
2028		51,146
2029		10,658
Thereafter		-

12. RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority has property, general liability, workers' compensation, and employee health coverage. Claims have not exceeded coverage in any of the past three fiscal years.

13. SIGNIFICANT CONCENTRATIONS AND CONSTRAINTS

Concentrations and constraints may limit the Authority's ability to acquire resources or control spending. A concentration is a lack of sufficient diversity related to an aspect of a significant revenue source or expense. A constraint is a limitation imposed on a government by an external party, or by formal action of the government's highest level of decision-making authority. At July 31, 2024, the Authority did not identify any significant concentrations requiring disclosure.

As noted subsequently in Note 14B, the capacity of the Authority's treatment plant is operationally limited according to its engineered capacity and the regulatory limits imposed on it by the state. In the event of significant increased demand for the Authority's services, the Authority may not be able to accommodate additional customers seeking to tap into the system. Accordingly, the Authority is in the process of responding to this risk by reserving current capacity and undertaking projects to expand future capacity.

14. COMMITMENTS AND CONTINGENCIES

A. Construction Contracts

The Authority has entered into various substantial construction contracts related to capital projects and major improvements to the Authority's treatment facilities, several of which are incomplete as of July 31, 2024. Details concerning the nature and amount of the contracts can be obtained from the Authority.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

B. Reservations of Capacity Agreements

The Authority's treatment plant capacity is operationally limited to processing for a certain number of what is commonly known as Equivalent Dwelling Units (EDUs). The Authority has a limited number of EDUs available for tap on to its collection system. The number of EDUs available is regulated and set by the Pennsylvania Department of Environmental Protection (PA DEP). Expansion of the treatment plant to increase the number of EDUs would require regulatory approval and oversight by the PA DEP.

Given the Authority's limited ability to increase capacity as noted above; the Authority is authorized by the provisions of the Municipality Authorities Act of 1945, as amended, to charge a Reservation of Capacity Fee (ROCF) provided the ROCF is based on debt and fixed operating expenses, but which fee may not exceed 60% of the average sanitary sewer bill for residential customers within the sewer service area for the same billing period.

On September 22, 2022; the Authority entered into a ROCF Agreement with a developer for the reservation of 280 EDUs for a term of five years in the amount of \$309.60 per EDU per year. The total being \$433,440 to reserve the EDUs for the time period requested. Payment for the entire term was due at signing, and the Authority received the payment from the developer. The ROCF cannot be applied to or credited towards future fees imposed upon the developer by the Authority.

On September 28, 2023; the Authority entered into another ROCF Agreement with a different developer for the reservation of 259 EDUs for a term of three years in the amount of \$309.60 per EDU per year. The total being \$240,559 to reserve the EDUs for the time period requested. Payment for the entire term was due at signing, and the Authority received the payment from the developer. The ROCF cannot be applied to or credited towards future fees imposed upon the developer by the Authority.

Pursuant to the terms of the Agreements, the ROCF shall be earned for the time period the Agreements are effective, rounded to the end of the current month and refundable on a pro-rata basis for any whole calendar months remaining in a given one-year period after the date in which the developer has informed the Authority in writing of its intent to terminate the Agreement. Accordingly, the Authority has recognized a deferred inflow of resources on its Statement of Net Position in connection with the ROCF Agreements. The Authority will recognize the associated revenue as it is earned on a pro-rata basis according to the Agreement. The Authority recognized revenue of \$153,510 and \$72,200 during its fiscal years ended July 31, 2024 and 2023, respectively.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

Estimated deferred inflows to be recognized in future fiscal years are as follows:

Year Ending July 31:

2025	\$ 166,874
2026	166,874
2027	100,052
2028	<u>14,488</u>

TOTAL ESTIMATED DEFERRED AMOUNTS RELATED TO RESERVATION OF CAPACITY FEES	<u>\$ 448,288</u>
---	-------------------

C. Union Agreements

The Authority has entered into employment agreements with the unions representing certain groups of its employee workforce. The agreements provide for certain compensation, benefits, and other working conditions, all as more fully detailed in those agreements. It should be noted that these benefits include certain post-employment benefits for retirees as previously described. Details regarding the nature of the agreements can be obtained from the Authority.

D. State Assisted Grant Programs

The Authority participates in state assisted grant programs. These programs are subject to financial and program compliance audits by the grantors or their representatives. The Authority is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Although the amount, if any, of the expenditures which may be disallowed cannot be determined as of the date of the financial statements, it is the opinion of Authority management that any such amounts would be immaterial and would not have a material adverse effect on the Authority's financial position.

E. Operating Regulations, Permits and Licenses

The nature of the Authority's operations subjects it to various federal, state and local regulations, permits, and licenses related to plant operations and discharges from the Authority's treatment facilities. Details concerning these regulations, permits, and licenses can be obtained from the Authority.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

15. EFFECTS OF NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued the following statements with effective dates subsequent to July 31, 2024. The Authority has not evaluated the effects these statements will have on its financial statements.

<u>Statement</u>	<u>Effective for Reporting Periods Beginning After</u>	<u>Authority's Fiscal Year End Effective Date</u>
No. 101 <i>Compensated Absences</i>	December 15, 2023	July 31, 2025
No. 102 <i>Certain Risk Disclosures</i>	June 15, 2024	July 31, 2026
No. 103 <i>Financial Reporting Model Improvements</i>	June 15, 2025	July 31, 2027

GREATER HAZLETON JOINT SEWER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION TRUST FUND
SCHEDULE OF CHANGES IN AUTHORITY'S NET PENSION LIABILITY
AND RELATED RATIOS
LAST 10 FISCAL YEARS
JULY 31, 2024
(UNAUDITED)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability										
Service Cost	\$ 74,849	\$ 68,720	\$ 78,829	\$ 77,421	\$ 76,474	\$ 76,474	\$ 80,111	\$ 72,828	\$ 65,518	\$ 45,445
Interest	297,448	260,522	249,400	208,641	226,587	220,445	208,185	186,290	176,073	159,303
Changes of Benefit Terms	-	237,789	48,372	-	-	-	151,206	-	-	114,930
Differences Expected and Actual Experience	-	136,565	-	(64,364)	-	(102,011)	-	(14,850)	-	(57,436)
Changes of Assumptions	-	-	-	494,609	-	-	-	9,060	-	62,290
Benefit Payments, Including										
Refunds of Member Contributions	(148,534)	(134,740)	(159,268)	(118,782)	(111,834)	(114,196)	(128,197)	(111,559)	(113,802)	(122,590)
Net Change in Total Pension Liability	223,763	568,856	217,333	597,525	191,227	80,712	311,305	141,769	127,789	201,942
Total Pension Liability - Beginning	4,575,544	4,006,688	3,789,355	3,191,830	3,000,603	2,919,891	2,608,586	2,466,817	2,339,028	2,137,086
Total Pension Liability - Ending	<u>\$ 4,799,307</u>	<u>\$ 4,575,544</u>	<u>\$ 4,006,688</u>	<u>\$ 3,789,355</u>	<u>\$ 3,191,830</u>	<u>\$ 3,000,603</u>	<u>\$ 2,919,891</u>	<u>\$ 2,608,586</u>	<u>\$ 2,466,817</u>	<u>\$ 2,339,028</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 223,000	\$ 223,000	\$ 223,000	\$ 700,000	\$ 223,000	\$ 473,000	\$ 473,000	\$ 220,000	\$ 177,500	\$ 169,000
Net Investment Income (Loss)	356,346	237,350	(478,883)	644,483	125,579	53,657	110,394	142,262	(13,215)	28,675
Benefit Payments, Including										
Refunds of member Contributions	(148,534)	(134,740)	(159,268)	(118,782)	(111,834)	(114,196)	(128,197)	(111,559)	(113,802)	(122,590)
Administrative Expense	(17,714)	(13,650)	(16,350)	(37,477)	(40,814)	(27,047)	(30,151)	(10,705)	(21,533)	(24,130)
Net Change in Plan Fiduciary Net Position	413,098	311,960	(431,501)	1,188,224	195,931	385,414	425,046	239,998	28,950	50,955
Plan Net Position - Beginning	3,738,638	3,426,678	3,858,179	2,669,955	2,474,024	2,088,610	1,663,564	1,423,566	1,394,616	1,343,661
Plan Net Position - Ending	<u>\$ 4,151,736</u>	<u>\$ 3,738,638</u>	<u>\$ 3,426,678</u>	<u>\$ 3,858,179</u>	<u>\$ 2,669,955</u>	<u>\$ 2,474,024</u>	<u>\$ 2,088,610</u>	<u>\$ 1,663,564</u>	<u>\$ 1,423,566</u>	<u>\$ 1,394,616</u>
Authority's Net Pension Liability (Asset)	<u>\$ 647,571</u>	<u>\$ 836,906</u>	<u>\$ 580,010</u>	<u>\$ (68,824)</u>	<u>\$ 521,875</u>	<u>\$ 526,579</u>	<u>\$ 831,281</u>	<u>\$ 945,022</u>	<u>\$ 1,043,251</u>	<u>\$ 944,412</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>86.5%</u>	<u>81.7%</u>	<u>85.5%</u>	<u>101.8%</u>	<u>83.6%</u>	<u>82.5%</u>	<u>71.5%</u>	<u>63.8%</u>	<u>57.7%</u>	<u>59.6%</u>
Covered Employee Payroll	<u>\$ 2,648,577</u>	<u>\$ 2,426,937</u>	<u>\$ 2,310,296</u>	<u>\$ 2,283,751</u>	<u>\$ 2,195,915</u>	<u>\$ 2,151,537</u>	<u>\$ 2,068,786</u>	<u>\$ 1,970,888</u>	<u>\$ 1,886,036</u>	<u>\$ 1,801,184</u>
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	<u>24.4%</u>	<u>34.5%</u>	<u>25.1%</u>	<u>-3.0%</u>	<u>23.8%</u>	<u>24.5%</u>	<u>40.2%</u>	<u>47.9%</u>	<u>55.3%</u>	<u>52.4%</u>

Source: Valuations performed by the Authority's actuary.

GREATER HAZLETON JOINT SEWER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION TRUST FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND INVESTMENT RETURNS
LAST 10 FISCAL YEARS**
JULY 31, 2024
(UNAUDITED)

Schedule of Employer Contributions
Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 105,418	\$ 143,314	\$ 143,314	\$ 201,705	\$ 199,735	\$ 195,238	\$ 195,238	\$ 177,335	\$ 177,335	\$ 146,835
Contributions in Relation to the Actuarially Determined Contribution	<u>TBD*</u>	<u>223,000</u>	<u>223,000</u>	<u>223,000</u>	<u>700,000</u>	<u>473,000</u>	<u>473,000</u>	<u>220,000</u>	<u>177,500</u>	<u>169,000</u>
Contribution Excess	<u>TBD*</u>	<u>\$ (79,686)</u>	<u>\$ (79,686)</u>	<u>\$ (21,295)</u>	<u>\$ (500,265)</u>	<u>\$ (277,762)</u>	<u>\$ (277,762)</u>	<u>\$ (42,665)</u>	<u>\$ (165)</u>	<u>\$ (22,165)</u>

*Actuarially Determined Contribution as reported in this schedule is based on a calendar year and the contributions in relation to the calendar year 2024 cannot yet be determined.

Schedule of Investment Returns
Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Annual Money-Weighted Rate of Return, Net of Investment Expenses	<u>9.46%</u>	<u>6.85%</u>	<u>-12.34%</u>	<u>21.90%</u>	<u>5.00%</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Expenses	<u>2.38%</u>	<u>6.51%</u>	<u>12.55%</u>	<u>-0.93%</u>	<u>2.12%</u>

Source: Valuations performed by the Authority's actuary.

GREATER HAZLETON JOINT SEWER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS
SCHEDULE OF CHANGES IN AUTHORITY'S NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JULY 31, 2024 AND LAST 10 FISCAL YEARS*
(UNAUDITED)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability							
Service Cost	\$ 168,288	\$ 138,076	\$ 132,765	\$ 188,895	\$ 181,630	\$ 205,466	\$ 197,563
Interest	108,252	98,957	92,862	91,248	85,246	93,606	85,899
Difference Between Expected and Actual Experience	(75,528)	-	(431,714)	-	(379,772)	-	-
Change in Assumptions and Cost Method	(133,159)	(134,925)	(347,622)	-	131,591	-	-
Benefit Payments	<u>(49,747)</u>	<u>(75,034)</u>	<u>(70,125)</u>	<u>(65,849)</u>	<u>(82,317)</u>	<u>(49,104)</u>	<u>(59,340)</u>
Net Change in Total OPEB Liability	18,106	27,074	(623,834)	214,294	(63,622)	249,968	224,122
Total OPEB Liability - Beginning	<u>2,503,158</u>	<u>2,476,084</u>	<u>3,099,918</u>	<u>2,885,624</u>	<u>2,949,246</u>	<u>2,699,278</u>	<u>2,475,156</u>
Total OPEB Liability - Ending	<u>\$ 2,521,264</u>	<u>\$ 2,503,158</u>	<u>\$ 2,476,084</u>	<u>\$ 3,099,918</u>	<u>\$ 2,885,624</u>	<u>\$ 2,949,246</u>	<u>\$ 2,699,278</u>
Plan Fiduciary Net Position							
Plan Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Net OPEB Liability	<u>\$ 2,521,264</u>	<u>\$ 2,503,158</u>	<u>\$ 2,476,084</u>	<u>\$ 3,099,918</u>	<u>\$ 2,885,624</u>	<u>\$ 2,949,246</u>	<u>\$ 2,699,278</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Covered Employee Payroll	<u>\$ 2,648,577</u>	<u>\$ 2,426,937</u>	<u>\$ 2,195,915</u>	<u>\$ 2,283,751</u>	<u>\$ 2,195,915</u>	<u>\$ 2,151,537</u>	<u>\$ 2,068,786</u>
Net OPEB Liability as a Percentage of Covered Employee Payroll	<u>95.2%</u>	<u>103.1%</u>	<u>112.8%</u>	<u>135.7%</u>	<u>131.4%</u>	<u>137.1%</u>	<u>130.5%</u>

*Note: Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

Source: Valuation performed by the Authority's actuary.

GREATER HAZLETON JOINT SEWER AUTHORITY
SCHEDULES OF SEWER TREATMENT REVENUES
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

	July 31, 2024				
	<u>Hazleton</u>	<u>West Hazleton</u>	<u>Hazle Township</u>	<u>Sugarloaf Township</u>	<u>Total</u>
Residential	\$ 4,043,002	\$ 730,405	\$ 1,646,974	\$ 52,886	\$ 6,473,267
Non-Residential	665,117	136,067	212,718	7,382	1,021,284
Industrial	376,057	184,476	401,045	115,292	1,076,870
Schools	<u>80,006</u>	<u>27,084</u>	<u>137,997</u>	<u>-</u>	<u>245,087</u>
	\$ 5,164,182	\$ 1,078,032	\$ 2,398,734	\$ 175,560	\$ 8,816,508
Penalties	<u>124,567</u>	<u>21,399</u>	<u>34,725</u>	<u>-</u>	<u>180,691</u>
TOTAL	<u>\$ 5,288,749</u>	<u>\$ 1,099,431</u>	<u>\$ 2,433,459</u>	<u>\$ 175,560</u>	8,997,199
Outside Independent Haulers					2,579,184
Surcharge					<u>264,914</u>
TOTAL SEWER TREATMENT REVENUES					<u>\$ 11,841,297</u>

	July 31, 2023				
	<u>Hazleton</u>	<u>West Hazleton</u>	<u>Hazle Township</u>	<u>Sugarloaf Township</u>	<u>Total</u>
Residential	\$ 4,021,117	\$ 727,138	\$ 1,642,309	\$ 52,245	\$ 6,442,809
Non-Residential	645,744	134,295	208,688	7,306	996,033
Industrial	355,182	194,681	393,292	116,188	1,059,343
Schools	<u>81,510</u>	<u>27,067</u>	<u>135,193</u>	<u>-</u>	<u>243,770</u>
	5,103,553	1,083,181	2,379,482	175,739	8,741,955
Penalties	<u>122,229</u>	<u>20,192</u>	<u>35,250</u>	<u>-</u>	<u>177,671</u>
TOTAL	<u>\$ 5,225,782</u>	<u>\$ 1,103,373</u>	<u>\$ 2,414,732</u>	<u>\$ 175,739</u>	8,919,626
Outside Independent Haulers					2,117,977
Surcharge					<u>320,493</u>
TOTAL SEWER TREATMENT REVENUES					<u>\$ 11,358,096</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
SCHEDULES OF SEWER TRANSMISSION REVENUES
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

	July 31, 2024		
	West		<u>Total</u>
	<u>Hazleton</u>	<u>Hazleton</u>	
Residential	\$ 1,331,987	\$ 243,161	\$ 1,575,148
Non-Residential	224,673	45,741	270,414
Industrial	123,706	61,493	185,199
Schools	<u>26,587</u>	<u>9,001</u>	<u>35,588</u>
	1,706,953	359,396	2,066,349
Penalties	<u>43,037</u>	<u>7,372</u>	<u>50,409</u>
TOTAL SEWER TRANSMISSION REVENUES	<u>\$ 1,749,990</u>	<u>\$ 366,768</u>	<u>\$ 2,116,758</u>

	July 31, 2023		
	West		<u>Total</u>
	<u>Hazleton</u>	<u>Hazleton</u>	
Residential	\$ 1,324,853	\$ 242,775	\$ 1,567,628
Non-Residential	223,467	45,083	268,550
Industrial	117,328	64,896	182,224
Schools	<u>27,082</u>	<u>8,995</u>	<u>36,077</u>
	1,692,730	361,749	2,054,479
Penalties	<u>41,865</u>	<u>6,999</u>	<u>48,864</u>
TOTAL SEWER TRANSMISSION REVENUES	<u>\$ 1,734,595</u>	<u>\$ 368,748</u>	<u>\$ 2,103,343</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
PLANT		
Salaries and Wages	\$ 1,711,247	\$ 1,677,956
Chemicals, Chlorine, and Other Supplies	1,085,911	988,722
Electricity	944,259	879,774
Repairs and Maintenance	907,377	886,038
Bio Solids Removal and Disposal	329,494	286,384
Payroll Taxes	154,382	135,466
Odor Control	104,011	95,803
Laboratory Supplies and Expense	87,628	131,902
General Supplies	40,781	36,339
Water	24,822	26,499
Natural Gas	23,345	6,839
Small Tools and Parts	14,588	16,157
Employee Work Clothes	9,420	8,813
Truck Expense	8,193	10,019
Grease and Oils	13,984	14,846
Miscellaneous Expense	2,619	1,469
Industrial Pretreatment Expenses	<u>2,115</u>	<u>11,057</u>
TOTAL PLANT	<u>\$ 5,464,176</u>	<u>\$ 5,214,083</u>
PUMPING STATION		
Salaries and Wages	\$ 344,187	\$ 316,753
Repairs and Maintenance	182,563	150,495
Electricity	116,223	119,616
Payroll Taxes	26,125	25,353
Water	8,847	10,568
Natural Gas	<u>1,305</u>	<u>1,453</u>
TOTAL PUMPING STATION	<u>\$ 679,250</u>	<u>\$ 624,238</u>
COLLECTION SYSTEM		
Salaries and Wages	\$ 463,041	\$ 470,752
Maintenance and Repairs	287,731	496,037
Insurance - Group	132,763	120,740
Equipment Maintenance	55,121	58,469
Truck Expense	52,548	64,619
Payroll Taxes	35,533	35,102
General Supplies	18,655	38,828
Engineering	17,621	24,977
Miscellaneous	17,606	23,300
Grease	2,720	-
PA One Call	<u>1,350</u>	<u>1,969</u>
TOTAL COLLECTION SYSTEM	<u>\$ 1,084,689</u>	<u>\$ 1,334,793</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ADMINISTRATIVE		
Insurance - Group	\$ 562,571	\$ 463,424
Pension Plan Expense	331,018	556,571
Salaries and Wages	157,415	165,889
Other Post-Employment Benefits (OPEB)	143,364	122,828
Insurance - General	139,767	133,853
Consulting and Engineering	126,940	133,190
Legal Expense	114,129	130,427
Insurance - Workers' Compensation	85,287	76,916
Repairs and Maintenance	71,018	58,917
Auditing Expense	36,000	34,000
Billing and Collection Expense	35,549	36,083
Conferences, Seminars and Travel	31,118	27,525
Office Supplies and Expense	30,717	35,535
Postage	27,449	27,170
Board Member Fees	18,100	20,750
Insurance - Directors Life and Disability	17,835	10,021
Payroll Taxes	12,928	12,541
Telephone	12,000	12,745
Eye Glass Reimbursement	8,556	8,821
Payroll Preparation	8,093	7,252
Utilities-Administration Building	7,940	7,714
Trustee Fees	7,000	7,000
Dues and Subscriptions	5,609	5,465
Bond Premium	4,732	4,732
Advertising	4,701	4,612
Postage and Freight	4,454	3,515
Miscellaneous Expense	2,248	3,567
General Supplies	<u>1,038</u>	<u>717</u>
 TOTAL ADMINISTRATIVE	 <u>\$ 2,007,576</u>	 <u>\$ 2,111,780</u>